FILED

(1)

No. 96 924 DEC 9 1996

In The OFFICE OF THE CLERK

Supreme Court of the United States

October Term, 1996

PREFERRED RISK MUTUAL INSURANCE COMPANY,

Petitioner,

vs.

UNITED STATES OF AMERICA,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITION FOR A WRIT OF CERTIORARI

EDMUND J. SEASE
Counsel of Record
ZARLEY, MCKEE, THOMTE, VOORHEES & SEASE
Attorneys for Petitioner
801 Grand Avenue
Suite 3200
Des Moines, Iowa 50309
(515) 288-3667

Of Counsel:

PETER VAN N. LOCKWOOD
CAPLAN & DRYSDALE
One Thomas Circle, N.W.
Washington, D.C. 20005

THOMAS C. FARR
ANN MICHELSON
Preferred Risk Mutual Insurance Company
1111 Ashworth Road
West Des Moines, Iowa 50265

QUESTION PRESENTED

1. Do the provisions of the Lanham Act (Federal Trademark Laws, 15 U.S.C. § 1051 *et seq.*) apply to the Federal Government so that the Government can be enjoined from acts of trademark infringement pursuant to the express waiver of sovereign immunity for actions not seeking monetary relief contained in 5 U.S.C. § 702?

RULE 29.6 STATEMENT

Preferred Risk Mutual Insurance Company has no subsidiaries other than fully owned subsidiaries, but has one affiliate, Midwest Mutual Insurance Company.

TABLE OF CONTENTS

	Page
Question Presented	i
Rule 29.6 Statement	ii
Table of Contents	iii
Table of Citations	v
Opinions Below	1
Statement of Jurisdiction	1
Statutes Involved	1
Statement of the Case	2
A. The Court of Appeals Decision	4
Reasons for Granting the Writ	4
I. The Consequence Of This Decision Is That The Federal Government Is Free To Infringe Federally Registered Trademarks With Impunity, And The Decision Is Wrong For Several Reasons.	4
A. The Administrative Procedure Act Provides A Waiver Of Sovereign Immunity Whenever Injunctive Relief As Opposed To Money Is Sought.	4

Contents

Page

B. The Eighth Circuit Decision Incorrectly Interprets the Meaning of the Lanham Act Definition of "Person", 15 U.S.C. § 1127. 6

C. The Opinion Acknowledges An Inconsistency Construing The Government As "A Person" For The Benefit Of Registering Under The Act And Construing The Government As Not Being A Person For The Burden Of Liability Under The Act. . 9

D. This Decision Puts In Jeopardy Hundreds Of Famous Government Trademarks. 10

E. The Eighth Circuit Decision Is Inconsistent With The Proper Analysis Of The Interplay Between The Administrative Procedures Act Waiver Of Sovereign Immunity And Other Enabling Federal Legislation. 12

F. Public Policy, The Express Language Of 15 U.S.C. § 1127, And Fairness Demand A Consistent Interpretation Of The Lanham Act For Both Its Benefits And Its Burdens. ... 14

Conclusion 15

Contents

Page

TABLE OF CITATIONS

Cases Cited:

Abbott Laboratories v. Gardner, 387 U.S. 136 (1967) . 12

Block v. Community Nutrition Inst., 104 S. Ct. 2450, 467 U.S. 340 (1984) 12

Bowen v. Massachusetts, 487 U.S. 879 (1988) 5, 12, 13

Gutierrez de Martinez v. Lamagno, 115 S. Ct. 2227 (1995) 5

Houston v. Department of Housing and Urban Development, 24 F.3d 1421 (D.C. Cir. 1994) 5

Lujan v. National Wildlife Fed'n, 497 U.S. 871 (1990) 6

Norfork and Western RI Co. v. American Train Dispatchers Ass'n, 499 U.S. 117 (1991) 7

Pennsylvania R. Co. v. Dillon, 335 F.2d 292 (D.C. Cir. 1964), *cert. denied,* 379 U.S. 945 (1964) 6

Statutes Cited:

5 U.S.C. §§ 701-706 3

5 U.S.C. § 702 ..... i, 1, 2, 4, 5, 6, 10, 12, 13

Contents

	Page
15 U.S.C. § 1051 *et seq.*	i
15 U.S.C. § 1114	6
15 U.S.C. § 1125	6
15 U.S.C. § 1127	1, 6, 9, 10, 11, 13, 14
28 U.S.C. § 1254(1)	1

Other Authorities Cited:

138 Cong. Rec. H11130-03 (*Daily Ed.* Oct. 3, 1992)	8
138 Cong. Rec. S8146-02 (*Daily Ed.* June 12, 1992)	8
S. Rep. No. 102-280, 102nd Cong., 2d Sess (1992), reprinted in 1992 U.S.C.C.A.N. 3087	8, 9
III Davis & Pierce, *Administrative Law Treaties* § 18.6 (3 Ed. 1994)	5

APPENDIX

Appendix A — Order of the United States Court of Appeals for the Eighth Circuit Dated September 10, 1996	1a
Appendix B — Opinion of the United States Court of Appeals for the Eighth Circuit Filed June 13, 1996	2a

Contents

Page

Appendix C — Order of the United States District Court for the Southern District of Iowa, Central Division Filed July 14, 1995 ..... 16a

Appendix D — Order of the United States District Court for the Southern District of Iowa, Central Division Filed May 17, 1994 ..... 31a

Appendix E — Order of the United States District Court for the Southern District of Iowa, Central Division Dated October 26, 1993 ..... 37a

Appendix F — Article from the Wall Street Journal Dated June 13, 1996 ..... 45a

Petitioner requests that this Court issue a writ of certiorari to review a judgment of the United States Court of Appeals for the Eighth Circuit entered June 13, 1996 (rehearing in banc denied September 10, 1996).

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 86 F.3d 789 (8th Cir. 1996) and is reprinted in Appendix B of this petition. The relevant district court opinions are unreported, but include the order of October 27, 1993 and May 7, 1994, expressing the district court's holding that there is jurisdiction of this case, and that the trademark law (Lanham Act) *does* apply to the Federal Government, and the July 14, 1995 opinion of the district court granting Plaintiff's Motion for Summary Judgment. These are reprinted as Appendix C. The order of the Eighth Circuit denying rehearing en banc is reprinted as Appendix A.

STATEMENT OF JURISDICTION

Jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

STATUTES INVOLVED

This petition involves interpretation of the definition of "person" in the Lanham Act, 15 U.S.C. § 1127 (1994), and the scope of the sovereign immunity waiver contained in 5 U.S.C. § 702 (1994).

15 U.S.C. § 1127 (1994)

> The term "person", and any other word or term used to designate the Applicant or other

> entitled to benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person, as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

5 U.S.C. § 702 (1994)

> A person suffering a legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof. An action in a court of the United States seeking relief other than money damages and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority shall not be dismissed nor relief therein denied on the ground that it is against the United States or that the United States is an indispensable party . . . .

STATEMENT OF THE CASE

Preferred Risk Mutual Insurance Company (PRM) is a property and casualty company that sells multi-line insurance, including automobile, home and commercial coverage. PRM has been in existence since 1947 and has used the term "Preferred Risk" to identify its policies since that time.

The Federal Emergency Management Agency (FEMA) was created by executive order in 1978 pursuant to a federal statute

that authorized the creation of a federal flood insurance program. FEMA administers a national federal flood insurance program, and as part of the program FEMA provides flood insurance to businesses and dwellings. Its policies are marketed nationwide and brokered by independent insurance agents. Since the 1980's, FEMA has offered a low premium rate for flood insurance in areas where the risk of flooding is lower, and in August, 1989, began using the term "Preferred Risk" to identify these policies.

PRM requested that FEMA cease using the "Preferred Risk" term in conjunction with its policies, claiming a violation of the PRM trademark "PREFERRED RISK". PRM federally registered its trademark, "PREFERRED RISK" at the United States Patent and Trademark Office as Registration 1,741,657 on December 22, 1992. Earlier, it had registered "PREFERRED" for certain policies as Federal Registration 1,666,935, on December 3, 1991. Thus, one agency of the Government (The United States Patent and Trademark Office) had granted a right that another agency (FEMA) was ignoring.

Correspondence with FEMA proved unavailing, and on May 25th, 1993, PRM filed a complaint seeking to enforce its trademark through a writ of prohibitory or mandatory injunction. No damages were sought. PRM sought judicial review of FEMA's agency decision to continue using the trademark "PREFERRED RISK" under the Administrative Procedures Act, 5 U.S.C. §§ 701-706 (1994).

The District Court for the Southern District of Iowa held that the Federal Government's use of the term "PREFERRED RISK" on its flood policy constituted an infringement of PRM's trademark, and that FEMA lacked any rational basis for finding that the use of the "PREFERRED RISK" term was not likely to cause confusion. The district court then enjoined the Government from use of the term, and an appeal to the Eighth Circuit followed.

A. The Court of Appeals Decision

The Eighth Circuit reversed the Southern District of Iowa ruling, unequivocally holding that the Lanham Act does *not* apply to the Federal Government, and therefore whether or not there is trademark infringement, the Government could not be sued under principles of sovereign immunity. The Eighth Circuit held that the immunity waiver provisions of the Administrative Procedures Act of 5 U.S.C. § 702 did not apply because the Lanham Act was not an underlying relevant statute for which a claim of legal wrong by an agency could be made against the Government. Therefore, the court did not reach the issue of infringement.

REASONS FOR GRANTING THE WRIT

I.

THE CONSEQUENCE OF THIS DECISION IS THAT THE FEDERAL GOVERNMENT IS FREE TO INFRINGE FEDERALLY REGISTERED TRADEMARKS WITH IMPUNITY, AND THE DECISION IS WRONG FOR SEVERAL REASONS.

A. The Administrative Procedure Act Provides a Waiver of Sovereign Immunity Whenever Injunctive Relief as Opposed to Money Is Sought.

The principle argument advanced by the Government, and adopted by the Eighth Circuit, is that the United States is shielded from suits for trademark infringement under principles of sovereign immunity. The decision is wrong because it ignores the Administrative Procedure Act waiver of immunity in case where no money damages are sought. As a result of this case, the Government or its agencies can use any trademark, even Coca-Cola®, if they chose to do so.

The waiver of sovereign immunity under the Administrative Procedure Act is construed quite broadly when only injunctive relief is sought. Section 702 of the Administrative Procedure Act reads in pertinent part:

> An action in a court of the United States *seeking relief other than money damages* and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority *shall not be dismissed nor relief therein be denied on the ground that it is against the United States* or that the United States is an indispensable party . . . .

5 U.S.C. § 702 (emphasis added).

The Supreme Court has consistently held that this waiver is to be applied liberally. *Bowen v. Massachusetts*, 487 U.S. 879, 904 (1988). The Court of Appeals for the District of Columbia has gone so far as to say that "the '76 Amendment to [Administrative Procedure Act § 702] . . . eliminated the defense of sovereign immunity in cases against the United States in which Plaintiffs do not seek money damages." *Houston v. Department of Housing and Urban Development*, 24 F.3d 1421, 1427 (D.C. Cir. 1994). Moreover, judicial review of federal agency action is presumed by the courts. *Gutierrez de Martinez v. Lamagno*, 115 S. Ct. 2227, 2231 (1995).

The leading treatise on administrative law states that Congress "abolish[ed]" sovereign immunity and that "all courts [give] the statutory waiver its intended, broad effect" outside the context of actions for monetary damages. *See* III Davis & Pierce, *Administrative Law Treatise* § 18.6 (3d Ed. 1994) ("The only area of doubt concerning the present scope of sovereign immunity is in actions for money damages."). Waiver in an

injunctive setting is clear from the plain meaning of the statute. The relevant question is whether the plaintiff in fact seeks money damages, not whether some reading of the statute could potentially subject the Government to money damages. Administrative Procedure Act, § 702; *see Houston*, 24 F.3d at 1427. Since Preferred Risk only asked for injunctive relief, the language of the Administrative Procedure Act clearly demands that the case "shall not be dismissed nor relief therein denied on the ground that it is against the United States." Sovereign immunity is not at issue in this case; it has been waived by 5 U.S.C. § 702 (1994).

The purpose of Section 702 in requiring the separate "relevant statute" is to demonstrate that the claimant suffered a "legal wrong," such that there is federal jurisdiction to address that wrong. *See Lujan v. National Wildlife Fed'n*, 497 U.S. 871, 886 (1990). Under the A.P.A., a "legal wrong" is the invasion of a legally protected right." *Pennsylvania R. Co. v. Dillon*, 335 F.2d 292 (D.C. Cir. 1964), *cert. denied*, 379 U.S. 945 (1964). In this case, Preferred Risk invoked the Court's jurisdiction to enforce a prima facie valid federal service mark registration under the Lanham Act against an infringement of that registration by the Federal Government. Section 702 of the Administrative Procedure Act then acts to waive the Federal Government's immunity for injunctive relief sought due to that infringement or "legal wrong".

B. The Eighth Circuit Decision Incorrectly Interprets the Meaning of the Lanham Act Definition of "Person", 15 U.S.C. § 1127.

The Eighth Circuit opinion discusses the Lanham Act's meaning of "person" at 10a-13a. The Lanham Act prohibits "any person" from acts of infringing upon a registered trademark, 15 U.S.C. §§ 1114, 1125. A "person" is defined in the Lanham Act, 15 U.S.C. § 1127 (1994), as natural persons

and juristic persons, which includes "a firm, corporation, union, association, or other organization capable of being sued in a Court of law". Plaintiff, PRM, has consistently argued that the Government is an "organization capable of being sued in a Court of law". Simply put, it fits the broad definition of the Act. In dismissing this argument, the Eighth Circuit accepted the Government's argument that this phrase is "a catchall term at the end of a list of private entities", and under the principle of *ejusdem generis*, a general term following a list of particulars must be interpreted as akin to those specifically enumerated, citing *Norfork and Western RI Co. v. American Train Dispatchers Ass'n*, 499 U.S. 117, 129 (1991). But in *Norfork*, the Supreme Court specifically indicated that this canon of interpretation does not control "when the whole context dictates a different conclusion." *Id.* Here, the legislative intent of the statute itself demonstrates that Congress did not intend for the Federal Government to be exempt from the term "person". And, the whole purpose of the Act, *i.e.*, to distinguish sources of goods and services, is frustrated by the result. Moreover, as even the Eighth Circuit acknowledged in its opinion, there is no hard and fast interpretation rule (11a).

The appellate opinion also relies upon the Trademark Remedy *Clarification* Act for its holding. However, the legislative history of that Act makes it clear that Congress only dealt with "states" in the legislation of 1992 because it had always intended states to be included in the definition of "persons" under the Act. No issue had been raised regarding the Federal Government.

The opinion further incorrectly interpreted the legislative history of the 1992 Trademark Remedy *Clarification* Act as an express exclusion of the Federal Government. That amendment reiterated that the term "person" specifically included states (12a). In fact, the legislative history indicates that neither the

House nor the Senate mentioned, or even considered, whether there needed to be any clarification to specifically include the Federal Government in the 1992 amendment. *See* 138 Cong. Rec. H11130-03 *(Daily Ed.* Oct. 3, 1992) (House Proceedings); 138 Cong. Rec. S8146-02 *(Daily Ed.* June 12, 1992) (Senate Proceedings). Congress passed the amendment in response to the concern of ensuring consistency with respect to patent, copyright and trademark actions involving state institutions. *See e.g.*, Trademark Remedy Clarification Act, S. Rep. No. 102-280, 102nd Cong., 2d Sess. (1992) reprinted in 1992 U.S.C.C.A.N. 3087 (state sovereign immunity had previously been abrogated for copyright and patent suits). In addition, the 1992 amendment was intended to minimize any unfair commercial advantage that state institutions enjoyed over private institutions in developing patents and trademarks.[1] *Id.* The 1992 amendment also had the purpose of ensuring that states would be subject to suit in federal court, since the remedies available under state and common law are limited in scope and inconsistent to such an extent that they serve as a meaningless substitute for federal remedies.

The Trademark *Clarification* Act did not change the law with respect to states' liability under the Lanham Act as its title unequivocally conveys, but rather *clarified* the law. S. Rep. No. 280, 102nd Cong., 2d Sess. p.11 (1992). (In the Conclusion to the Report filed by the Senate Committee on the Judiciary regarding the Act, the Committee stated that "Congress never intended for States to be immune from patent and/or trademark infringement suits in Federal Court"). The Committee also stated in the Report that

> [a]llowing a state to freely infringe upon the protection granted by the Patent Code and the Trademark Act effectively discourages

1. If the concern of unfair commercial advantage supports state liability under the Lanham Act, it also certainly supports federal liability, where an even greater unfair advantage may be present.

> future innovation [sic]. While this is certainly true in general, it is especially true with respect to any problem which is unique to States or State entities."

Id. at pp.8-9. Allowing the Federal Government to freely infringe equally discourages future innovation.

The Committee also states that this legislation would "provide uniform protection throughout the patent and trademark systems", implying that the Federal Government was already subject to liability, since the patent laws already provide for Federal Government liability. *Id.* at 9. Congress apparently did not consider including the Federal Government in the 1992 amendment, since the problems addressed by the amendment were viewed as unique to the states.

It is just as reasonable, and indeed more reasonable, to conclude that if uniformity was desired between what occurs in the Patent Act and the Copyright Act, which *both* provide that the Federal Government can be subject to liabilities, then the trademark statute should also be similarly interpreted not only with respect to states, but also with respect to the Federal Government. As well, since the definition of "person" has consistently been interpreted broadly to allow the Federal Government to register trademarks, Congress might have thought that there is no need for clarification for the Federal Government as to liabilities.

C. The Opinion Acknowledges an Inconsistency Construing the Government as "A Person" For the Benefit of Registering Under the Act and Construing the Government As Not Being A Person For the Burden of Liability Under The Act.

15 U.S.C. § 1127 itself, in defining the term "person", equates both the benefit and burden sections of the statute, and

it specifically says "person" designates the applicant or other entitled to "a benefit *or privilege or rendered liable* (emphasis supplied) under the provisions of this chapter. . ." Thus, the statute, on its face, says that for the benefits of registration and the burdens of liability, the term "person" means the same thing. The Eighth Circuit specifically acknowledges (14a) "it must be conceded that this practice raises potential problems of inconsistent interpretations of the word "person" within the Lanham Act. . ." The opinion is therefore contrary to the plain language of the statute.

There is no rational basis or reason to justify this inconsistency. And, the inconsistency is eliminated if the Government is interpreted as a "person", both for registering marks and for being enjoined if they infringe a registered mark. The Eighth Circuit felt bound by the unambiguous case law requiring explicit waiver of sovereign immunity, and therefore indicated they were left with no choice. But they relied on case law where money damages were sought where an explicit waiver *is* required. Forgotten by the Eighth Circuit is the key fact that there *is* an explicit waiver of sovereign immunity if money damages are not sought (in those situations where the enabling statute does not specifically exclude the Federal Government from suit), and that waiver is found in 5 U.S.C. § 702. Had the court used the proper analysis of the interplay between the Administrative Procedure Act in injunctive relief cases and other enabling federal statutes to provide a basis for jurisdiction, there would have been no illogical inconsistency in interpretation.

D. This Decision Puts in Jeopardy Hundreds of Famous Government Trademarks.

Since time immemorial, the Federal Government has registered trademarks. Only "persons" can register trademarks (*see* 15 U.S.C. § 1127 definition of "trademark" limited to marks

used by persons). The Federal Government has therefore interpreted itself as "a person" in obtaining federal registrations. This fact was referred to by the Eighth Circuit (13a) as "the strongest argument that the Lanham Act does apply to the Federal Government". The Eighth Circuit draws an unwarranted distinction between the meaning of persons for allowing the benefit of *registrability,* and opposition of others' attempts to register marks, and the meaning for determining *liability* of the United States Government under the Act. It is an unwarranted distinction because it flies in the face of the plain unambiguous wording of the statute which applies the same definition of person for those entitled to a "benefit or privilege or rendered liable." (15 U.S.C. § 1127). The justification of the Eighth Circuit is that questions of liability bring into consideration issues of waiver of sovereign immunity. But the Administrative Procedure Act removes those issues *if* only injunctive relief is sought, and if the enabling statute contains no specific reservation of immunity. And the trademark laws (Lanham Act) contain no reservation of immunity.

The Federal Government's famous registrations include, to name a few, the Eagle mail logo, and "U.S. Mail", the National Park System logo, etc. This decision casts doubt on the validity of those registrations and potentially allows unfettered use of those by any citizen without any relief by the Government. Similarly, the Government could not oppose or cancel a registration that is confusingly similar to its other registrations. The decision, therefore, may benefit the Government in a very limited way on whether or not they can be enjoined from use of this Plaintiff's registration, but it puts the Government at risk in a very large way for improper use of its registrations. Truly, this is not in the Government's best interest, or the best interest of private enterprise.

E. The Eighth Circuit Decision Is Inconsistent With the Proper Analysis of the Interplay Between the Administrative Procedures Act Waiver of Sovereign Immunity and Other Enabling Federal Legislation.

To prevail in its assertion of immunity from review for actions prohibited by the Lanham Act, the Government must overcome a strong presumption for judicial review of agency action and show by clear and convincing evidence by *specific* language or by *specific* legislative history, acts or events establishing Congressional intent to preclude review. *Block v. Community Nutrition Inst.*, 104 S. Ct. 2450, 467 U.S. 340 (1984). "[O]nly upon showing of 'clear and convincing evidence' of a contrary legislative intent should the courts restrict access to judicial review." *Bowen*, 476 U.S. 667, 671 (1986), citing *Abbott Laboratories v. Gardner*, 387 U.S. 136, 141 (1967). An assertion based upon assumptions arising from absence of any language in the Trademark *Clarification* Act falls far short of the clear and convincing evidence of specific intent required to preclude review under a federal statute.

Consistent with earlier Supreme Court decisions favoring a presumption of review, like *Block*, the proper analysis is: there is a presumption favoring administrative review; to avoid administrative review under the 5 U.S.C. § 702, the underlying relevant statute must have an express statement indicating there is no waiver; in the Lanham Act, there is no such express statement. In fact, the legislative history is ambiguous and can equally be interpreted as favoring waiver. Therefore, the Administrative Procedures Act § 702 waiver applies, and the broad definition of "person" set forth in the Lanham Act applies. The Federal Government can therefore be sued for injunctive relief. Such a rationale allows a consistent interpretation of the word "person" both for the Government's benefit of obtaining registrations and for the Government's burden of being enjoined from infringing federal registrations of others. It also properly

focuses the analysis as the Supreme Court has instructed in *Bowen.*

The Eighth Circuit does not dispute that 5 U.S.C. § 702 waives sovereign immunity for non-monetary suits against the United States Government. Nor does the Eighth Circuit dispute the critical fact that in this case the petitioner chose to bring suit without asking for monetary relief, precisely because they sought the benefits of the waiver of sovereign immunity, 5 U.S.C. § 702. What the decision fails to appreciate is the significant difference between the manner of examining sovereign immunity issues when monetary relief is sought, and when only injunctive relief is sought, as here.

It is no longer necessary to torture the plain language of a statute to find exclusion of the Federal Government, as the Eighth Circuit did, with respect to the definition of "persons" in the Trademark Act, 15 U.S.C. § 1127, since 5 U.S.C. § 702, by its plain language, abrogates the sovereign immunity. Therefore, reasoning which this Court acknowledged as "inconsistent interpretation of "person" (14a) need not be resorted to in an effort to insulate the Government. What is missing entirely from the analysis of either the Eighth Circuit or the Government is any reasoning or legislative history to demonstrate why Congress would have affirmatively chosen to authorize the Government to infringe registered trademarks with impunity. Nor has any policy reason been cited as to why the Government should be free from injunctive relief for infringing trademarks. In fact, the legislative history supports petitioner's view that the word "person" does include the Government, and every policy reason exists as to why the Federal Government should not be allowed to infringe on trademarks that it itself has earlier granted. Consider the example this decision sets for emerging countries whom the United States is trying so desperately to get to respect our country's intellectual property rights.

F. Public Policy, the Express Language of 15 U.S.C. § 1127, and Fairness Demand a Consistent Interpretation of the Lanham Act for Both Its Benefits and Its Burdens.

The admitted and conceded inconsistent interpretation of "person" (14a) is illogical and makes for bad law and bad public policy. The mischief of this result is that the Government can infringe any trademark with impunity. The Eighth Circuit says there is little evidence that such concerns (the Government exploiting famous trademarks such as FEDERAL EXPRESS and EXXON) are reasonably founded. *This case* is evidence that the Government does just precisely that! Lest this Court think the present case is an isolated instance, in the attached appendix D is a recent *Wall Street Journal* article which points to the dilemma of a small Michigan manufacturer that owns a trademark "NO SWEAT" for clothing. The Department of Labor favors a policy of restraint of purchase of clothing made in sweatshops and has urged and authorized and encouraged manufacturers of clothing that do not employ sweatshops to place a "no sweat" label in their clothing. The problem caused the Michigan manufacturer, whose trademark is properly registered with the United States Patent and Trademark office, is discussed. If this decision of the Eighth Circuit stands as controlling, the Michigan manufacturer, like Preferred Risk in this case, has no right of relief whatsoever This should not be and cannot be the law.

All that this Court need do is decide that the Government's own actions in interpreting itself as a "person" in the past to register its own marks (only persons can register) bind it *now*, and it is a "person" for purposes of both the benefits of seeking and holding a registration and the burdens of injunctive relief liability for infringement of a federal registration.

CONCLUSION

For the reasons stated, a writ of certiorari should issue to review the judgment of the United States Court of Appeals for the Eighth Circuit.

Respectfully submitted,

EDMUND J. SEASE
Counsel of Record
ZARLEY, MCKEE, THOMTE,
VOORHEES & SEASE
Attorneys for Petitioner
801 Grand Avenue
Suite 3200
Des Moines, Iowa 50309

Of Counsel:

PETER VAN N. LOCKWOOD
CAPLIN & DRYSDALE
One Thomas Circle, N.W.
Washington, D.C. 20005

THOMAS C. FARR
ANN MICHELSON
Preferred Risk Mutual Insurance Company
1111 Ashworth Road
West Des Moines, Iowa 50265

APPENDIX A — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT DATED SEPTEMBER 10, 1996

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 95-3104SIDM

Preferred Risk Mutual Insurance Company,

Appellee,

v.

United States of America,

Appellant.

Order Denying Petition for Rehearing and Suggestion for Rehearing En Banc

The suggestion for rehearing en banc is denied. The petition for rehearing by the panel is also denied.

September 10, 1996

Order Entered at the Direction of the Court:

s/ Michael E. Gans
Clerk, U.S. Court of Appeals, Eighth Circuit

APPENDIX B — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT FILED JUNE 13, 1996

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 95-3104

Preferred Risk Mutual Insurance Company,

Appellee,

v.

United States of America,

Appellant.

International Trademark Association,

Amicus Curiae.

Appeal from the United States District Court for the Southern District of Iowa

Submitted: February 15, 1995

Filed: June 13, 1996

Before WOLLMAN, HEANEY, and MAGILL, Circuit Judges.

HEANEY, Circuit Judge

Appendix B

Holding that a federal agency's use of the term "Preferred Risk" in conjunction with its flood insurance applications infringed upon an insurance company's trademark and was without a rational basis, the United States District Court for the Southern District of Iowa enjoined the agency from further use. Because we hold that the Lanham Act does not apply to the federal government, we reverse and vacate the district court's decision.

BACKGROUND

Preferred Risk Mutual Insurance Company (PRM) is a property and casualty company that sells multi-line insurance including automobile, home, and commercial coverage. PRM has been in existence since 1947 and has used the term "Preferred Risk" to identify its policies since that time. Domiciled in Iowa, PRM is licensed to sell insurance in all fifty states. PRM has filed trademark applications for "Preferred Risk Group," "Preferred Risk," and "Preferred Risk Mutual" on May 20, 1988.

The Federal Emergency Management Agency (FEMA) was created by Executive Order in 1978 pursuant to a federal statute that authorized the creation of a federal flood insurance program. FEMA, through its component federal agency, the Federal Insurance Administration (FIA), administers the National Federal Flood Insurance Program. As part of the program, FEMA provides flood insurance to businesses and dwellings. Policies are marketed nationwide and are brokered by independent insurance agents. Since the 1980s, FEMA has offered a lower premium rate for flood insurance in areas where the risk of flooding is lower. At some point before August 1989, FEMA began using the term "Preferred Risk" on these policy application forms and in advertisements to insurance agents.

Appendix B

On January 31, 1990, PRM wrote FEMA. After outlining its history of use of the term "Preferred Risk," PRM explained that it was concerned by FEMA's use of the term. Citing confusion among its agents regarding these advertisements and its trademark application of "Preferred Risk," PRM requested that FEMA cease using the term in conjunction with its policies. On February 22, 1990, PRM wrote FEMA again to convey another incident of confusion involving a FEMA Preferred Risk Flood Policy Application that had been mistakenly sent to PRM. The letter noted the importance of avoiding confusion and reiterated its request that FEMA cease using the term.

On February 23, 1990, FEMA responded in a letter that discussed the background of FEMA and the Standard Flood Insurance Policy. Because the United States logo and the name of the federal agency were both prominently displayed on all Nation Flood Insurance Program forms, FEMA claimed that they were not confusingly similar to the PRM logo. The letter also asserted that "Preferred Risk" was a widely-used, generic term in the insurance industry and had not and could not be granted any protected status under federal trademark law.

In addition to a letter dated September 15, 1992 informing FEMA that registration of "Preferred Risk" had been formerly allowed by the Trademark office, PRM wrote FEMA several letters during a period from March 8, 1990 until February 25, 1993 reiterating its objections and demanding that FEMA cease using the term "Preferred Risk." In each instance, FEMA either refused PRM's request or failed to respond.

On May 25, 1993, PRM filed a complaint seeking to enforce its trademark through a writ of prohibitory or mandatory injunction. It did not seek damages. PRM sought judicial review

of FEMA's decision to continue using the term "Preferred Risk" under the Administrative Procedure Act, 5 U.S.C. §§ 701-706 (1994) (APA).[1] On July 14, 1995, the District Court for the Southern District of Iowa held that the federal government's use of the term "Preferred Risk Flood Policy" constituted an infringement of PRM's trademark and that FEMA and FIA "lacked any rational basis for finding that the use of the 'Preferred Risk' term was not likely to cause confusion." (Order, July 14, 1995, at 13). The district court then enjoined the government from further use of the term. This appeal follows.

---

1. 5 U.S.C. § 702 (1994) provides:

> A person suffering a legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof. An action in a court of the United States seeking relief other than money damages and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority shall not be dismissed nor relief therein denied on the ground that it is against the United States or that the United States is an indispensable party. . . . Nothing herein (1) affects other limitations on judicial review or the power or duty of the court to dismiss any action or deny relief on any other appropriate legal ground; or (2) confers authority to grant relief if any other statute that grants consent to suit expressly or impliedly forbids the relief which is sought.

Appendix B

ANALYSIS

I. Waiver of Sovereign Immunity under the APA.

A finding that the actions of an agency were arbitrary, capricious, and not in accordance with law is reviewed de novo. *See Shalala v. St. Paul-Ramsey Medical Ctr.*, 50 F.3d 522, 527 (8th Cir. 1995). We start our analysis with the well-established proposition that the United States may not be sued without its consent. *See Affiliated Ute Citizens v. United States,* 406 U.S. 128, 141 (1972). That consent must be express and unequivocal. *See United States v. Nordic Village, Inc.*, 503 U.S. 30, 33 (1992). PRM seeks judicial review of FEMA's decision to continue using the term "Preferred Risk" under the APA. Section 702 of the APA explicitly consents to judicial review[2] of agency action where such action results in a legal wrong or adversely affects the plaintiff. To Thus, "within the meaning of a relevant statute." Thus, this waiver contains two separate requirements. 1) the person claiming a right to review must identify some agency action, and 2) the party seeking review must show that he has suffered a legal wrong or been adversely affected by that action within the meaning of a relevant statute. *See Lujan v. National Wildlife Fed'n*, 497 U.S. 871, 882-83 (1990). We focus on the second prong.

As a procedural statute, the APA provides no substantive requirements, but merely provides the framework for judicial

---

2. The APA is not an implied grant of subject-matter jurisdiction permitting federal judicial review of agency action. *see Califano v. Sanders*, 430 U.S. 99, 107 (1977). Given that the Lanham Act's applicability to the federal government must be resolved, subject-matter jurisdiction in this case is founded upon 28 U.S.C. § 1331, federal-question jurisdiction.

review of agency action, *See Defenders of Wildlife v. Administrator, EPA*, 882 F.2d 1294, 1303 (8th Cir. 1989). Accordingly, "[t]here is no right to sue for a violation of the APA in the absence of a 'relevant statute' whose violation 'forms the basis for [the] complaint.' " *El Rescate Legal Serv. v. Executive Office Immigration Review*, 959 F.2d 742, 753 (9th Cir. 1992) (citing *Lujan*, 497 U.S. 871) ; *accord A-G-E Corp. v. United States*, 968 F.2d 650, 655 (8th Cir. 1992). The language of the APA makes this clear. Section 706 provides that the reviewing court shall set aside agency action found to be "arbitrary, capricious, an abuse of discretion, *or otherwise not in accordance with law.*" § 706(2)(A) (emphasis added). Thus, although the plaintiff need not demonstrate that the substantive statute independently waives federal sovereign immunity, which is the function of section 702, the plaintiff must identify a substantive statute or regulation that the agency action had transgressed *and* establish that the statute or regulation applies to the United States.

PRM points to the Lanham Act of 1946, 15 U.S.C. §§ 1051-1127 (1994), as the substantive statute that should govern the agency's actions with respect to trademarks.[3] The question to this court then is whether the Lanham Act's requirements apply to the federal government and regulate agency action.[4] If the Lanham Act does not apply to the federal government, FEMA's

---

3. PRM also alludes to FEMA regulations as the basis for reviewing FEMA's decision. Other than its general cite to FEMA's authorizing statute, however, it does not point to a specific regulation governing the decisions of the agency on this subject. We find no substantive regulation regarding this issue and therefore, reject this as a basis for APA judicial review.

4. PRM argues that it does not assert that "the Lanham Act itself waives the government's sovereign immunity, but rather that the Lanham Act *along with* the APA waives the government's sovereign immunity."(Appellee's Br. (Cont'd)

use of "Preferred Risk" would not constitute a "legal wrong"[5] nor would it adversely affect PRM within the meaning of the

(Cont'd)

at 24). It even concedes that "[i]t is undisputed that without the procedural vessel of the APA and its broad waiver of immunity therein, the government could not be sued for infringement under the Lanham Act." *Id.* at 25. This view fundamentally mischaracterizes the APA. The APA waives sovereign immunity in certain instances where an agency action has transgressed a statute or regulation. *See* discussion *supra.* Whether the Lanham Act applies to the federal government is a separate question, albeit precedent to the issue of APA review. PRM seems to suggest that the federal government might be deemed a "person" as defined by the Lanham Act for the purposes of suits brought under the APA, but would not be, a "person" if the suit were brought directly under the Lanham Act, which provides for money damages in addition to injunctive relief. Although the APA interacts with statutes governing the behavior of federal agencies, its provisions do not commingle with the provisions of those substantive statutes. In so doing, PRM confuses the issue of whether there is judicial review over agency action where such action has been regulated by federal statutes or regulations — where there is a strong presumption for waiver of sovereign immunity, *see Bowen v. Michigan Academy of Family Physicians*, 476 U.S. 667, 670 (1986) — and the issue of a statute's applicability to the federal government at all, where there is a presumption against the waiver of sovereign immunity. The flaw in their position is readily seen in its contention that an action "to inflict a legal wrong (as defined by the Lanham Act) is subject to review . . . ." (Appellee's Br. at 32). If the Lanham Act does not apply to the federal government, as is conceded, how can its actions constitute a legal wrong as defined by that statute? This construction of the APA must be rejected. Reading its brief as a whole, however, Appellee's concession with respect to the Lanham Act is ambiguous. In addition, an amicus brief filed by the International Trademark Association asserts that the Lanham Act does apply to the federal government. Therefore, we will proceed with the analysis of this question.

5. The invasion of a protected legal right constitutes a legal wrong. *See Pennsylvania R.R. v. Dillon*, 335 F.2d 292, 294 (D.C. Cir.), *cert. denied*, 379 U.S. 945 (1964).

relevant statute,[6] the Lanham Act. As a consequence, the Lanham Act could not form the basis of an APA challenge to federal agency's action.

In response to the government's assertion that an APA plaintiff must point to some substantive statute that the alleged agency action transgressed, PRM argues that "it is exactly this type of unfettered agency action that Congress intended to limit by enacting the Administrative Procedure Act, which enlarges the authority of the courts to check illegal and arbitrary administrative action without any constraint." (Appellee's Br. at 13). Although, we acknowledge the broad scope of the APA, its own language and the case law interpreting it clearly reject the conception of the APA as substantive, mandating free-wheeling judicial review of any agency action.

PRM also argues that the scope of judicial review is limited to the administrative record, which consists of the six letters exchanged between PRM and FEMA. As such, they contend that by failing to raise sovereign immunity in its correspondence with PRM, FENA waived its ability to assert immunity. This fails to recognize the distinction between a factual evidentiary record and a jurisdictional basis. The issue before our court is whether the United States has waived its sovereign immunity in this case. Sovereign immunity is jurisdictional in nature. *See FDIC v. Meyer,* 127 L. Ed. 2d 308, 317-19 (1994). Therefore, regardless of the scope of conversation between the plaintiff and employees of an administrative agency, questions of subject-

---

6. The complained injury must fall within the "zone of interest" sought to be protected by the statutory provision whose violation forms the basis for his complaint. *See Clark v. Securities Indus. Ass'n*, 479 U.S. 388, 396-97 (1987).

matter jurisdiction may be raised at any time and may not be waived. *See Yeldell v. Tutt,* 913 F.2d 533, 537 (8th Cir. 1990) (citing *Insurance Corp. of Ireland v. Campagnie Des Bauxites De Guinea,* 456 U.S. 694, 702 (1982)). Therefore, we proceed to the issue of the Lanham Act's applicability to the federal government.

II. Application of the Lanham Act to the United States

PRM argues that FEMA's use of the term "Preferred Risk" violates sections 1114 and 1125 of the Lanham Act.[7] Both provisions prohibit "any person" from actions infringing upon a

---

7. 15 U.S.C. S 1114(l) (1994) provides:

> Any person who shall, without consent of the registrant —
>
> > (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; [ ]
> >
> > . . . .
>
> shall be liable in a civil in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. S 1125(a)(1) (1994) provides:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in

(Cont'd)

registered trademark. 15 U.S.C. §§ 1114, 1125. Thus, the threshold question is whether the term "person," as employed by the Lanham Act, contemplates the United States government. The Lanham Act defines "person" as natural persons and juristic persons, which includes "a firm, corporation, union, association, or other organization capable of being sued in a court of law." 15 U.S.C. § 1127 (1994). Although "in common usage, the term 'person' does not include the sovereign, [and] statutes employing the [word] are ordinarily construed to "exclude it," *Will v. Michigan Dep't of Police*, 491 U.S. 58, 64 (1989) (quoting *Wilson v. Omaha Indian Tribe*, 442 U.S. 653 (1979)), there is no hard and fast rule of exclusion. *United States v. Cooper Corp.* 312 U.S. 600, 604-05 (1941). "The purpose, the subject matter, the context, the legislative history, and the executive interpretation of the statute are aids to construction which may indicate an intent, by the use of the term, to bring state or nation within the scope of the law." *Id.*

PRM pins its conclusion that the Act's definition of "person" includes the federal government to the definitional language

---

(Cont'd)

> commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services,, or commercial activities by another person, [ ]
>
> . . . .

"organization capable of being sued." PRM argues that federal agencies are capable of being sued and thus should be included within the scope of the Act. The language in question must be understood within its context: a catch-all term at the end of a list of private entities. The principle of *ejusdem generis* dictates that a general term following a list of particulars be interpreted as a reference to subjects akin to those specifically enumerated. *See Norfolk & Western Ry. Co. v. American Train Dispatchers Ass'n*, 499 U.S. 117, 129 (1991). In this case, the list of particulars are all private entities. Thus, consideration of this rule of statutory construction would counsel against an interpretation that includes the federal government.

We are further persuaded by the recent amendment to the Lanham Act. In 1992, Congress amended the Lanham Act as follows:

> The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

Pub. L. No. 102-542, § 3(d), 106 Stat. 3568 (1992) (amending 15 U.S.C. § 1127). Sections 1114 and 1125 were also amended to provide that "[a]s used in this subsection, the term "any person" includes any State . . . ." *Id.* § 3(a) & (c). Instances in which Congress has explicitly included states but not the federal government is conclusive evidence of congressional intent to

exclude the federal government. *See Department of Energy v. Ohio*, 503 U.S. 607, 617-18 (1992) ("Its omission has to be seen as a pointed one when so many other governmental entities are specified") . This legislative intent is even more obvious when one considers the historical context: the amendment was enacted without any mention of the federal government against a legal backdrop of cases holding that the Lanham Act did not apply to state *or* federal governments. *See Woelffer v. Happy States*, 626 F. Supp. 499 504 (N.D. Ill. 1985) (holding that the Lanham Act did not waive states' sovereign immunity); *Serra v. General Servs. Admin.*, 667 F. Supp 1042, 1051 (S.D.N.Y. 1987) ("No statute of the United States contains a consent from the United States that it may be sued for trademark infringement. . . . [T]he trademark claim must be dismissed."), *aff'd*, 847 F.2d 1045 (2d Cir. 1988). In this light, it seems clear that the congressional intent was limited to providing for the Lanham Act's application to the states.

Most important to this analysis is the fact that interpreting the Lanham Act to include the United States within the definition of "person" would create a right of action against the United States under the terms of that Act. Providing such a right of action against the United States requires an express and unequivocal waiver of its sovereign immunity. *See United States v. Nordic Village, Inc.*, 503 U.S. 30, 33 (1992). Thus, even were there some ambiguity, the statute must be construed so as not to waive the sovereign immunity of the United States.

The strongest argument that the Lanham Act does apply to the federal government is that despite the Lanham Act's statutory language limiting registration and protective actions of trademarks to "persons," 15 U.S.C. §§ 1051(b), 1063-1064 (1994), agencies of the federal government have registered trademarks and protested the registration of trademarks by others.

Appendix B

There are a number of Trademark Trial & Appeals Board decisions holding that state and federal government entities were juristic persons for the purposes of registering or protesting trademarks. *See, e.g., In re Dep't of Interior,* 142 U.S.P.Q. 506 (TTAB 1964); *FBI v. Societe: "M. Bril & Co.",* 172 U.S.P.Q. 310, 313 (TTAB 1971); *New York State-Office of Parks & Recreation v. Atlas Souvenir & Gift Co.,* 207 U.S.P.Q. 954, 958 (TTAB 1980). However, these decisions do not consider the *liability* of the United States under the Lanham Act. Instead, their analysis employed a broad construction to give the provisions their maximum effect. *FBI,* 172 U.S.P.Q. at 313. Such an approach is inappropriate when considering waiver of sovereign immunity. To the extent that the holdings of those courts conflict with the analysis here, the decisions are not binding on this court.

Although it must be conceded that this practice raises the potential problem of inconsistent interpretations of the word "person" within the Lanham Act, the issue before us is whether the federal government can be held liable under the Lanham Act. Given the unambiguous case law requiring explicit waiver of sovereign immunity, we are left with little choice on this issue. While the burden and the benefit of the Lanham Act have been separated in the past with respect to the states, *cf. New York State Office of Parks & Recreation,* 207 U.S.P.Q. at 958 and *Woelffer v. Happy States,* 626 F. Supp at 504, we need not consider whether the administrative court decisions permitting the federal agencies to register trademarks were correct and leave that issue for future consideration or legislative clarification.

Finally, we address the policy concerns raised by PRM and International Trademark Association (INTA). It is suggested that our decision today will leave all trademark owners vulnerable to piracy by the federal government. INTA goes so far as to

intimate that the federal government will proceed to exploit famous trademarks such as FEDERAL EXPRESSO® and EXXON®. There is little evidence that such concerns with respect to the federal government are reasonably founded. Given the long-standing rule requiring an express waiver of sovereign immunity, this court must infer that Congress determined that such a threat did not outweigh the benefit of retaining sovereign immunity. If in the future, however, the legislative branch finds that such concerns must be addressed, it is free to amend the Lanham Act to expressly waive the sovereign immunity of the United States as it has done with states.

Therefore, we hold that the Lanham Act does not apply to the federal government. As such,, there is no substantive statute or regulation that has been transgressed by FEMA's decision to use the term "Preferred Risk" in conjunction with its flood insurance policies. Thus, there is no basis for judicial review pursuant to the APA. Because we decide that the Lanham Act does not apply to the federal government, we do not consider whether the use of "Preferred Risk" constitutes trademark infringement. The district court's decision is therefore reversed and vacated.

A true copy.

Attest:

CLERK, U.S. COURT OF APPEALS, EIGHTH CIRCUIT.

APPENDIX C — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF IOWA, CENTRAL DIVISION FILED JULY 14, 1995

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

CIVIL NO. 4-93-CV-10393

PREFERRED RISK MUTUAL INSURANCE COMPANY,

Plaintiff,

vs.

UNITED STATES OF AMERICA,

Defendant.

ORDER GRANTING PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

Preferred Risk Mutual Insurance Company (Preferred Risk) filed a complaint on May 25, 1993, alleging that the Federal Emergency Management Administration (FEMA) and the Federal Insurance Administration (FIA) infringed the company's service mark. Preferred Risk seeks a writ of prohibitory or mandatory injunction, but does not seek damages.[1]

---

1. Specifically, Preferred Risk alleges (1) trademark infringement in violation of 15 U.S.C. § 1114; (2) false advertising in violation of 15 U.S.C. § 1125; (3) unfair competition in violation of 15 U.S.C. § 1116, 5 U.S.C. § 706, and 28 U.S.C. § 1651; (4) state trademark infringement in violation (Cont'd)

Appendix C

Preferred Risk Mutual Insurance Company began using the term "Preferred Risk" in 1947 and obtained a service mark registration on December 22, 1992.[2] Various other family marks have been registered by the company. FEMA and FIA administer the National Flood Insurance Program, and FEMA issues a Standard Flood Insurance Policy pursuant to 44 C.F.R. 50 *et seq.* The insurance policy is brokered directly by the agency or by insurance companies authorized to issue the policies. Preferred Risk has not sought authorization from FEMA to sell the preferred risk flood insurance policy, nor does Preferred Risk offer any flood insurance.

In its complaint, Preferred Risk alleges that FEMA and FIA have used the "Preferred Risk" marks without authority, and the marks are "confusingly similar to Plaintiff's family of Marks." Preferred Risk notified FEMA in writing about the alleged infringements, but FEMA notified Preferred Risk in writing of its agency action in refusing to cease use of the marks. This court has ruled that the case is governed by the federal Administrative Procedure Act, because the FEMA decision to continue to use "preferred risk" in its flood insurance announcements and contracts constitutes final agency action. Order of October 27, 1993, p. 3.

(Cont'd)

of Iowa Code § 548.11(1); (5) a state claim of antidilution in violation of Iowa Code § 548.11(2); (6) a claim of state unfair competition, in violation of Iowa Code § 714.16; and (7) unlawful taking in violation of the fifth amendment.

2. The Preferred Risk mark would be classified as a service mark rather than a trademark. 15 U.S.C.A. § 1127. The same law applies to both trademarks and service marks. 15 U.S.C.A. § 1053.

Appendix C

Both parties' motions for summary judgment are now before the Court. In judicial review of agency action, the reviewing court must determine whether the agency action was arbitrary and capricious, or an abuse of discretion, according to section 706(2)(A) of the Administrative Code. 5 U.S.C.A. § 706(2)(A). *Western Nebraska Resources Council v. EPA*, 793 F.2d 194, 200 (8th Cir. 1986); *Erickson Transportation Co. v. ICC*, 728 F.2d 1057, 1062 (8th Cir. 1974). *See also Motor Vehicle Manufacturers Ass'n v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29, 43 (1983); *Midtec Paper Corp. v. United States*, 857 F.2d 1487, 1497-98 (D.C. Cir. 1988); *First National Bank of Fayetteville v. Smith*, 508 F.2d 1371, 1374-74 (8th Cir. 1974), *cert. denied*, 421 U.S. 930 (1975). A reviewing court should give a thorough, probing, in-depth review of agency action, considering all relevant factors. *Citizens to Preserve Overton Park v. Volpe*, 401 U.S. 402, 415 (1971). The reviewing court may overturn the agency action only if there is no rational basis for the decision. *Sutton v. United States Dep't of Housing and Urban Development*, 885 F.2d 471, 475 (8th Cir. 1989), *cert. denied*, 493 U.S. 1075 (1990).

I. Facts

Preferred Risk is a property and casualty insurance company that sells multi-line insurance, including auto, home, and commercial coverage, nationwide. FEMA used the term "preferred risk" on an announcement and an application form for a rating preference available in low-risk flood zones. Preferred Risk in-house counsel wrote six letters to FEMA, alleging trademark infringement.[3] In those letters, Preferred Risk

3. The letters from Preferred Risk counsel to FEMA were dated January 1, 1990; February 22, 1990; March 8, 1990; June 1, 1990; September 15, 1992; February 25, 1993.

counsel asked FEMA to remove the term "Preferred Risk" from the FEMA forms related to reduced-premium, low-risk flood insurance. Along with those letters, Preferred Risk included information from two of its agents indicating that the agents mistakenly believed that Preferred Risk was offering a FEMA flood insurance policy.

FEMA counsel responded to the letters from Preferred Risk counsel,[4] concluding that FEMA's activity is not likely to create confusion among ordinary consumers regarding the source of the Standard Flood Insurance Policy. FEMA concluded that any word change to FEMA forms would "impede the agency's efforts to 'keep costs down' and require approval by the Office of Management and Budget."

Preferred Risk obtained a registered trademark on December 22, 1992.

II. Lanham Act Claims

The focus of trademark law, which began as a fraud action at common law, has changed to emphasize property interests of the trademark holder. *Ameritech, Inc. v. American Inf. Technologies Corp.*, 811 F.2d 960, 964 (6th Cir. 1987). Trademarks "act as a means of identifying a product as coming from or being associated with a particular, although anonymous, source, and inducing subsequent purchases by consumers." *Id.* Trademark laws protect a mark holder's interests in expanding into related fields; in protecting the good reputation that has come to be associated with the mark; and in ensuring that the

---

4. The letters from FEMA counsel to Preferred Risk counsel were dated February 23, 1990 and March 22, 1990.

public is not misled or confused about the origin of the product. *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167 (2d Cir. 1976); *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1360 (C.C.P.A. 1973), *citing* S. Rep. No. 1333, 79th Cong., 2d Sess. (1946) in U.S. Code Cong. Service, 79th Cong. 2d Sess. at 274-78 (1946).

Registration of a trademark is permitted under the current Lanham Act, but registration is not required in order to bring a trademark infringement suit. *PaperCutter, Inc. v. Fay's Drug Co., Inc.*, 900 F.2d 558, 563 (2d Cir. 1990).; *Security Center, Ltd. v. First Nat. Sec. Centers, Inc.*, 750 F.2d 1295, 1297 (5th Cir. 1985).

A trademark infringement case generally involves two steps. First, the court must decide whether the plaintiff has a protectable property interest; second, the court must determine whether the trademark has been infringed, "as judged by likelihood of confusion." *Security Center, Ltd.*, 750 F.2d at 1297.

A. Protectable property interest

Courts generally have recognized four different types of trademarks: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful. *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 87 (2d Cir. 1984), *cert. denied*, 470 U.S. 1052 (1985).

Generic marks are not protectable. *Id.* A "generic" mark has been described as "the genus of which the particular product is a species," *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 49, 11 (2d Cir. 1976), or "merely descriptive of an article or its qualities, ingredients, or characteristics," *Delaware*

& Hudson Canal Co. v. Clark, 80 U.S. (13 Wall.) 311, 323, 20 L. Ed. 581 (1872); or by its "actual common usage," such as a word found in the dictionary. *WSM, Inc. v. Hilton,* 724 F.2d 1320, 1326-28 (8th Cir. 1984), *citing Miller Brewing Co. v. Heileman Brewing Co.,* 561 F.2d 75, 79-80 (7th Cir. 1977), *cert. denied,* 434 U.S. 1025 (1978). Thus, for example, courts have found that "shredded wheat," *Kellogg Co. v. National Biscuit Co.,* 305 U.S. 111 (1938), and "the pill," *In re G.D. Searle & Co.,* 360 F.2d 650 (C.C.P.A. 1966), are generic terms.

A descriptive mark "forthwith conveys an immediate idea of the ingredients, qualities and characteristics of the goods." *Stix Products, Inc. v. United Merchants Manufacturers, Inc.,* 295 F. Supp. 479 (D.D.N.Y. 1968). "Marks which are 'merely descriptive' " of the goods or services have long been denied protection. *In re Abcor Development Corp.,* 588 F.2d 811, 813 (C.C.P.A. 1978). Thus, the use of the term "safari" is descriptive when applied to boots, but is generic when applied to belted bush jackets. *Abercrombie & Fitch,* 537 F.2d at 11-12.

> [T]he function of a trademark is to point distinctively, either by its own meaning or by association, to the origin or ownership of the wares to which it is applied, and words merely descriptive of qualities, ingredients or characteristics, when used alone, do not do this.

Beckwith v. Commissioner, 252 U.S. 538, 543 (1920).

"[I]n determining if a term is generic or descriptive, a court is to view the term from the standpoint of the average prospective purchaser." *Anheuser-Busch Inc. v. Stroh Brewery Co.,* 750 F.2d

631, 638-39 (8th Cir. 1984). For example, "continuous progress" was deemed to be a descriptive mark for use in education, because it was a "recognized concept of education." *Educational Development Corp. v. Economy Co.*, 552 F.2d 26, 29 (10th Cir. 1977).

An otherwise descriptive term, however, may be trademarked if it acquires a secondary meaning. *20th Century Wear*, 747 F.2d at 87; *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 115-16 (5th Cir. 1979), *cert. denied*, 444 U.S. 1016 (1980), *quoted in Security Center, Ltd.*, 750 F.2d at 1297.

> To establish secondary meaning, "a plaintiff must show that the primary significance of the term in the mind of the consuming public is not the product but the producer." This court . . . identified five types of evidence that are considered in ascertaining whether secondary meaning has attached to a mark: (1) survey evidence; (2) the length and manner of use of the name; (3) the nature and extent of advertising and promotion of the name; (4) the volume of sales; and (5) instances of actual confusion.

Id., citing Bank of Texas v. Commerce Southwest, Inc., 741 F.2d 785, 787 (5th Cir. 1984), and *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938). Thus, for example, the term "Ever-Ready" used in relation to batteries had acquired a secondary meaning. *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 381 (7th Cir. 1976).

"Generally speaking, if the mark imparts information

directly, it is descriptive. If it stands for an idea which requires some operation of the imagination to connect it with the goods, it is suggestive." *In re Abcor Dev. Corp.*, 588 F.2d at 814, *citing* A. Seidel, S. Dalroff & E. Gonda, *Trademark Law and Practice* § 406, at 77 (1963). Suggestive marks are entitled to protection even without any proof of secondary meaning. *20th Century Wear,* 747 F.2d at 87; *Abercrombie & Fitch Co.*, 537 F.2d at 11. A "suggestive" mark refers to a trademark that is "neither exactly descriptive on the one hand nor truly fanciful on the other." *Abercrombie & Fitch Co.*, 537 F. 2d at 11.

> The English language has a wealth of synonyms and related words with which to describe the qualities which manufacturers may wish to claim for their products and the ingenuity of the public relations profession supplies new words and slogans as they are needed.

Aluminum Fabricating Co. of Pittsburgh v. Season-All Window Corp., 259 F.2d 314, 317 (2d Cir. 1958).

> From the caselaw we distill two overarching questions to be considered in determining whether a mark is descriptive or suggestive. First, we must inquire how much imagination is required on the consumer's part in trying to cull some indication for the mark about the qualities, characteristics, effect, purpose, or ingredients of the product or service. Second, we determine whether sellers of similar products are likely to use, or actually do use, the term in connection with their goods.

Security Center, Ltd., 750 F.2d at 1297 (citations omitted). Thus, for example, the use of the word "freedom" in "Freedom Savings & Loan" was deemed to be suggestive. *Freedom Savings & Loan Ass'n v. Way*, 757 F. 2d 1176, 1183 (11th Cir. 1985).

Arbitrary or fanciful marks are entitled to protection without any discussion of whether the mark is descriptive. *20th Century Wear*, 747 F.2d at 87. For example, "Exxon" is an arbitrary or fanciful mark for petroleum services. Donald Chisum & Michael Jacobs, *Understanding Intellectual Property Law* p. 5-60 n.218 (1992).

The Court finds that the "Preferred Risk" trademark constitutes a suggestive trademark. The term itself does not define the product that is offered to customers. Rather, it requires some imagination to tie it to tile lower-risk, lower-premium insurance offered to non-drinkers.[5] FEMA asserts that the term "preferred risk" is often used in describing lower-risk insurance. FEMA cites no authority for the proposition, nor has the Court found any indication that the term receives widespread use in the insurance or financial industry. In fact, the term does not appear in a standard dictionary or a law dictionary. *Webster's Ninth New Collegiate Dictionary* (1984). H. Black, *Black's Law Dictionary* (rev. 4th ed. 1968). Nor do treatises discuss the term. *See, e.g.*, John Appleman, *Insurance Law and Practice*

---

5. The Court recognizes that "the decision of the Patent and Trademark Office to register a mark without requiring proof of secondary meaning affords a rebuttable presumption that the mark is more than merely descriptive," *McGregor-Doniger, Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1132 (2d Cir. 1979) (citing *Abercrombie & Fitch*, 537 F.2d at 11; *West & Co. v. Arica Inst., Inc.*, 557 F.2d 338, 342 (2d Cir. 1977) (per curiam). Nonetheless, the Court does not indulge in the presumption in this case, because the mark was not registered until after FEMA had begun to use it.

(Appleman rev. 1985 & 1994 Supp.); *Couch Cyclopedia of Insurance Law* (2d ed. J. Perovich ed. 1987 & 1995 Supp.); Warren Freedman, *Freedman's Richards on Insurance* (6th ed. W. Freedman ed. 1990 & 1995 Supp.); William Vance, *Handbook on the Law of Insurance* (3d ed. B. Anderson rev. 1951); A. Widiss, *Insurance* (1989). *See also* Milton Schroeder, *The Law & Regulation of Financial Institutions* (1995). In fact, the Court has located only three case references to the term "preferred risk" (other than litigation involving the Preferred Risk Mutual Insurance Company). *American Bar Endowment v. United States*, 4 C. Ct. 404, 420 (1984) (court refers to "preferred risk rates" for certain insured persons); *Evers v. Standard Security Life Insurance Company of New York*, 345 F. Supp. 1162, 1163 (1972) (company offered a "Preferred Risk Endowment at Age 95" for eligible persons); *Prunier v. Commissioner (IRS)*, 28 T.C. 19, 20 (1957) (tax consequences for corporate purchase of "Preferred Risk Modified Life Policy" from unnamed insurance company).

Thus, the Court concludes that the service mark "Preferred Risk" is protectable. Next, the Court must determine whether the protected mark has been infringed.

B. Infringement

The essence of a trademark infringement case is "whether purchasers are likely to be misled or confused as to the source of the different products or services." *WSM, Inc. v. Hilton*, 724 F.2d at 1329. It is neither necessary nor relevant to discuss whether the copying was intentional. *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1988), *citing Lois Sportwear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986).

> But the question of confusion is related not to the *nature* of the mark but to its *effect* "when applied to the goods of the applicant." The only *relevant* application is made in the marketplace. The words "when applied" do not refer to a mental exercise, but to all of the known circumstances surrounding use of the mark.

In re E.I. DuPont DeNemours & Co., 476 F.2d at 1360-61 (emphasis in original). It is only necessary to show that many customers may be misled, not that all customers would be misled. Proof of actual confusion often is difficult. *Scarves by Vera, Inc.*, 544 F.2d at 1175.

Several circuit courts considering the issue have identified a number of factors that may be considered in determining the likelihood of confusion. *Aktiebolaget Electrolux v. Armatron Intern., Inc.*, 999 F.2d 1, 3 (1st Cir. 1993); *Wynn Oil Co.*, 839 F.2d at 1186; *In re E.I. DuPont DeNemours & Co.*, 476 F.2d at 1361.

In examining the various factors, the Court finds a great likelihood of confusion.

(1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression. The term "Preferred Risk" is used on the FEMA flood insurance announcement and on the application form itself. The government points out that the FEMA logo appears on the forms. The Court finds, however, that the presence of the FEMA logo does not eliminate the likelihood of confusion. National flood insurance policies are brokered

by the agency itself and by authorized brokers. If only government agents were brokering the coverage, confusion might be minimized. Use of the form by a wide variety of brokers increases the likelihood of confusion.

(2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use, or relatedness of the goods. Although Preferred Risk does not market flood insurance policies, its products do include other property and casualty insurance. These products are not identical, but are closely related.

(3) The similarity or dissimilarity of established, likely-to-continue trade, marketing or advertising channels. When FEMA-sponsored policies are brokered by authorized individual agents, the marketing channels are similar, if not identical to those of Preferred Risk.

(4) The conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing, or the likely degree of purchaser care. FEMA sponsored policies are offered to individuals and business of varying degrees of sophistication. Purchasers are unlikely to be attuned to fine distinctions between the FEMA-sponsored "Preferred Risk Flood Policy" and Preferred Risk insurance policies.

(5) The fame of the prior mark (sales, advertising, length of use), or the strength of the mark. The administrative record is somewhat limited. Preferred Risk asserts that it has been in business since 1947 and is licensed to sell insurance in all fifty states and the District of Columbia.

Appendix C

(6) The number and nature of similar marks in use on similar goods. The administrative record is silent as to this factor.

(7) The nature and extent of any actual confusion. Preferred Risk demonstrated actual confusion by two agents who believed that the FEMA "Preferred Risk" policy was actually a Preferred Risk policy.

(8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion. The administrative record is silent as to how long FEMA has used the "Preferred Risk Flood Policy."

(9) The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark). The Preferred Risk mark is used on all products issued by Preferred Risk Mutual Insurance Company. The FEMA policy does not include reference to "Preferred Risk" rather, the term appears only the FEMA announcement and the application form.

(10) The market interface between applicant and the owner of a prior mark. The markets are similar to the extent that Preferred Risk Mutual Insurance Company offers individual property or casualty insurance to the same consumers who may be purchasing FEMA-sponsored flood insurance.

(11) The extent to which applicant has a right to exclude others from use of its mark on its goods. If Preferred Risk has a valid mark, then it may exclude others from the use of that mark. The Court has found that Preferred Risk is a valid

"suggestive" mark. It is not necessary that it be registered in order to be valid.[6]

(12) The extent of potential confusion, i.e., whether *de minimus* or substantial. Because Preferred Risk's offerings of property and casualty insurance are targeted for a similar market, the extent of potential confusion could be substantial.

(13) The defendant's intent in adopting the mark. There is no indication that the government had any ill intent in adopting the "Preferred Risk" language.

(14) The likelihood of expansion of product lines. The record is silent as to expansion plans by either party.

(15) Any other established fact probative of the effect of use. The government asserts that any word change on FEMA forms would impede agency efforts to keep costs down and require approval of the Office of Management and Budget. The Court finds this argument unpersuasive, in light of the fact that the government has infringed a valid service mark. Difficulties in "curing" a mark infringement are not probative of whether the mark is infringed.

---

6. The government raises the issue of "fair use" in its brief in support of its motion for summary judgment. Assuming that the issue were timely presented, the Court finds it unpersuasive. Although there is no indication of bad faith on the part of the government, the term "preferred risk" is not the only descriptive term that could be used to characterize low-risk or special-category flood insurance. The term was used, not in a descriptive sense, but to "designate" the policy. 15 U.S.C.A. § 115(b)(4). *See United States Shoe Corp. v. Brown Group, Inc.*, 740 F. Supp. 196, 199 (S.D.N.Y.), *aff'd*, 923 F.2d 844 (2d Cir. 1990).

Appendix C

III. Conclusion

The Court finds that Preferred Risk has established a valid service mark in the use of the term "Preferred Risk." The Court also finds that the government's use of the term "Preferred Risk Flood Policy" creates a likelihood of confusion and constitutes an infringement of the Preferred Risk service mark. FEMA and FIA lacked any rational basis for finding that the "Preferred Risk" service mark was not protectable, and lacked any rational basis for finding that the use of the "Preferred Risk" term was not likely to cause confusion. The government is enjoined from further use of the term "Preferred Risk" in designating its flood policies.

The Plaintiff's Motion for Summary Judgment (#62) is granted. The Defendant's Motion for Summary Judgment (#85) is denied. Preferred Risk seeks only injunctive relief. Therefore, it is not necessary for the Court to consider the other claims. The clerk is ordered to enter judgment enjoining FEMA and FIA from continuing the use of the term "preferred risk" to designate any flood insurance policies sponsored by FEMA.

IT IS SO ORDERED.

Dated this 14th day of July, 1995.

s/ Ronald E. Longstaff
RONALD E. LONGSTAFF, JUDGE
UNITED STATES DISTRICT

APPENDIX D — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF IOWA, CENTRAL DIVISION FILED MAY 17, 1994

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

CIVIL NO. 4-93-CV-10393

PREFERRED RISK INSURANCE COMPANY,

Plaintiff,

vs.

UNITED STATES OF AMERICA,

Defendant.

ORDER

THE COURT HAS BEFORE IT defendant's March 17, 1994, motion for reconsideration, or, in the alternative, certification of interlocutory appeal. Also on March 17, 1994, defendant filed a motion for protective order. Plaintiff resisted the motions on April 18, 1994, and plaintiff filed replies to both motions on May 6, 1994.

A hearing was originally scheduled for April 27, 1994. This hearing was subsequently cancelled upon request of counsel. Both motions are now fully submitted.

Appendix D

I. MOTION FOR RECONSIDERATION OR CERTIFICATION

On October 27, 1993,[1] this Court entered an order denying defendant's motion to dismiss based on sovereign immunity and the resulting lack of subject matter jurisdiction. The Court found it had subject matter jurisdiction under 28 U.S.C. § 1331 by virtue of "[t]he federal policy embodied within the Lanham Act, combined with the statute and regulations that govern FEMA." The broad waiver provision under 5 U.S.C. § 702 was then applicable to waive any governmental immunity.

Defendant now moves the Court to reconsider its order, or in the alternative, to certify the interlocutory appeal to the Eighth Circuit Court of Appeals.

In *Black Hills Institute v. South Dakota School of Mines & Technology*, 12 F.3d 737, 740 (8th Cir. 1993), the Eighth Circuit recently affirmed the premise that section 702's broad waiver of immunity can be used for cases that may not fit neatly into the Administrative Procedure Act mold. Specifically, the court held:

> The first issue we must address is the district court's basis for subject matter jurisdiction over this case. We find that the district court had general federal question jurisdiction under 28 U.S.C. § 1331. Black Hills' complaint alleged facts sufficient to bring the case within 5 U.S.C. § 702's broad waiver of sovereign immunity. Section 702 waives the federal government's sovereign

1. The relevant facts of this matter are set forth in the October 27, 1993, order.

immunity in cases challenging agency action — here, the Department of Justice's seizure of Sue — and seeking relief other than money damages. *See* 5 U.S.C. § 702; *Specter v. Garrett*, 995 F.2d 404, 410 (3d Cir.) (holding that § 702's waiver of sovereign immunity is not limited to cases brought under the Administrative Procedure Act), *cert. granted*, __ U.S. __, 114 S. Ct. 342, 126, L. Ed. 2d 307 (1993); *Presbyterian Church v. United States*, 870 F.2d 518, 525 (9th Cir. 1989) (holding that the term "agency action" "was clearly intended to cover the full spectrum of agency conduct"). District courts have jurisdiction under § 1331 to hear cases falling within § 702's consent to suit. *See Califano v. Sanders*, 430 U.S. 99, 105, 97 S. Ct. 980, 984, 51 L. Ed. 2d 192 (1977) (holding that § 1331 confers jurisdiction on federal courts to review agency action "subject only to preclusion-of-review statutes created or retained by Congress").

As in the present case, the *Black Hills Institute* case did not originate in a typical administrative fashion. The suit began as a quiet title action after the United States Attorney for South Dakota ordered the seizure of fossil bones belonging to "Sue" the dinosaur. *Id.* at 739. The Eighth Circuit found the Justice Department's seizure to constitute final agency action for purposes of section 702. *Id.* at 740. The Court cited with approval the Ninth Circuit's holding in *Presbyterian Church v. United States*, 870 F.2d 518, 525 (9th Cir. 1989) that " 'agency action' 'was clearly intended to cover the *full spectrum of agency conduct.*' " *Id.* (emphasis added).

This Court finds no basis to hold that the Federal Emergency Management Agency's act in refusing to cease using plaintiff's trademark does not fall within the "full spectrum of agency conduct." Further, the Court is unpersuaded by the arguments raised in defendant's brief. Although Congress may not have expressly imposed a "course of action upon FEMA relating to trademarks," defendant's brief, at 5-6, Congress did expressly direct FEMA to provide affordably-priced flood insurance. *See* 42 U.S.C. § 4001 *et seq.* Marketing the flood insurance is clearly within the scope of this directive. Defendant's motion for reconsideration is therefore, DENIED.

II. MOTION FOR CERTIFICATION

Pursuant to 28 U.S.C. § 1292(b), a district court may certify an interlocutory order 1) that "involves a controlling question of law"; 2) "as to which there is substantial ground for difference of opinion"; and 3) "an immediate appeal from the order may materially advance the ultimate termination of the litigation". 28 U.S.C.A. 1993. Based on *Black Hills Institute,* this Court finds Eighth Circuit law to be settled on this issue. At present, there is not substantial ground for difference of opinion. Defendant's motion for certification is DENIED.[2]

III. MOTION FOR PROTECTIVE ORDER

In its October 27, 1993, order denying defendant's motion to dismiss, this Court stated,

---

2. The Court acknowledges the United States Supreme Court has granted a writ of certiorari from the Third Circuit in *Specter v. Garrett,* 995 F.2d 404, 410 (3d Cir.), *cert. granted,* __ U.S. __, 114 S. Ct. 342, 126 L. Ed. 2d 307 (1993). This fact does not affect the present status of Eighth Circuit law on the issue, however.

Appendix D

> "[o]nce this Court assumes jurisdiction, the APA will provide the method and scope of review." *Hostetter v. United States,* 739 F.2d 983, 985 (4th Cir. 1984); *Berg v. Commander, Fifth Coast Guard Dist.,* 810 F. Supp. 703, 707 (E.D. Va. 1992). The Lanham Act will also contribute useful standards with which to evaluate plaintiff's claim.

October 27, 1993, order, at 7.

Defendant now moves for a protective order barring all discovery by plaintiff, including that already taken and presently planned. Defendant bases its motion on the general rule limiting the scope of judicial review of an agency decision to "the administrative record already in existence." *Camp v. Pitts,* 411 U.S. 138, 142 (1973). As held by the Eighth Circuit in *Maxey v. Kadrovach,* 890 F.2d 73, 77 (8th Cir. 1989), "[a] federal court is confined to the administrative record in deciding an appeal under the APA, unless the plaintiff can make a 'strong showing of bad faith or improper behavior.' " (citations omitted); *see also Community for Creative Non-Violence v. Lujan,* 908 F.2d 992, 994 (D.C. Cir. 1990) ("Only in the rare case in which the record is so bare as to frustrate judicial review" can a court expand the scope of review beyond the administrative record).

In its reply brief in support of this motion, defendant alleges [t]he six letters between Ann Jansen (plaintiff's in-house counsel) and Brenda Goranflo (defendant's agency counsel) constitute the full administrative record." Reply Brief, at 2. The Court finds at this juncture there is insufficient support for plaintiff's allegation that the full record consists of more than these letters, let alone a "strong showing of bad faith or improper

behavior" on the part of defendant. *Maxey v. Kadrovach,* 890 F.2d at 77. Both parties concede the "mental processes" of the agency decision makers are not within the scope of judicial review. *See, e.g., Jones v. United States,* 3 Cl. Ct. 3, 4 (1983).

The Court concludes Ms. Goranflo provides at least some indication of her factfinding procedures regarding plaintiff's request to cease using its mark. *See* February 23, 1990, Letter from Brenda Goranflo to Ann K. Jansen, March 22, 1990, Letter from Brenda Goranflo to Ann K. Jansen, attached as part of Exhibit 1 to defendant's brief in support of this motion. If, after the case has been submitted on the merits, this Court finds the information in the administrative record provides an insufficient basis for this Court to analyze plaintiff's APA claim, a remand to the administrative agency may be appropriate. *Camp v. Pitts,* 411 U.S. at 142-43 (if administrative record was so incomplete as to "frustrate judicial review, appropriate remedy was not *de novo* hearing, but remand to administrative agency for additional explanation of reasons underlying decision).

For the reasons outlined above, defendant's motion for protective order is GRANTED.

IT IS SO ORDERED.

Dated this 17th day of May, 1994.

s/ Ronald E. Longstaff
RONALD E. LONGSTAFF JUDGE
UNITED STATES DISTRICT COURT

APPENDIX E — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF IOWA CENTRAL DIVISION, DATED OCTOBER 26, 1993

CIVIL NO. 4-93-CV-10393

PREFERRED RISK INSURANCE COMPANY,

Plaintiff,

vs.

UNITED STATES OF AMERICA,

Defendant.

ORDER

THE COURT HAS BEFORE IT defendant's motion to dismiss, submitted July 23, 1993. Plaintiff resisted the motion on August 27, 1993, and defendant filed a reply brief on September 15, 1993. A hearing was held by the Court on October 22, 1993.

I. BACKGROUND

The plaintiff, Preferred Risk Mutual Insurance Company, is an insurance underwriter based in Des Moines, Iowa, and has operated under the name, "Preferred Risk" since 1947. Plaintiff has registered its "PREFERRED RISK" mark with the United States Patent and Trademark office.

The Defendant agency, the Federal Emergency Management Agency "FEMA" was created by Executive Order in 1978, pursuant to federal statute authorizing the creation of a federal

flood insurance program.[1] *See* National Flood Insurance Act ("The Act"), 42 U.S.C.A. § 4001 *et seg.* (West 1977). The Act also authorizes the establishment of regulations necessary to carry out the insurance program. *Id.* § 4013.

At some point before August, 1989, FEMA began using the term "preferred risk" to describe one of its insurance products. According to plaintiff, FEMA sells this product through private insurance agencies that may also sell plaintiff's products. When plaintiff became aware of FEMA's use of the mark, "preferred risk," plaintiff notified FEMA of its alleged violations, but FEMA refused to discontinue its use of the mark. In its notification to plaintiff of the agency's intentions to continue use of the mark, FEMA allegedly analyzed the parties' respective rights to the mark under federal trademark law.

Plaintiff filed this action to enjoin FEMA from all future use of the mark, claiming FEMA's use of the mark amounts to trademark infringement, false advertising, unfair competition, and will dilute the effectiveness of plaintiff's marks. Plaintiff is not requesting money damages.

---

1. The Act originally authorized the Secretary of Housing and Urban Development to develop the insurance program. All functions were transferred to FEMA in 1978, under section 202 of Reorganization Plan No. 3 of 1978, 43 F.R. 41943, 92 Stat. 9808, set out in the Appendix to Title 5, Government Organization and Employees. Historical and Statutory Notes, 42 U.S.C.A. § 4001 (West Supp. 1993).

A second agency, the Federal Insurance Administration ("FIA") , acts with FEMA to oversee the flood insurance program. Plaintiff also seeks to enjoin FIA's use of the "preferred risk" mark. For purposes of this motion to dismiss, the Court will ref er to the two agencies collectively as "FEMA."

Appendix E

Defendant has moved to dismiss on the basis that the United States has not waived sovereign immunity with respect to trademark actions, and that this Court therefore lacks subject matter jurisdiction over plaintiff's claim. Plaintiff responds that this is an action to review a final decision of an administrative agency, for which sovereign immunity is waived under the Administrative Procedures Act, 5 U.S.C. § 702. According to plaintiff, subject matter jurisdiction is conferred on this Court under 28 U.S.C. §§ 1331, 1338(a), and 1346(a).

II. APPLICABLE LAW AND DISCUSSION

In 1976, Congress amended the Administrative Procedures Act ("APA") to waive sovereign immunity in suits seeking review of certain final agency actions when judicial review is not otherwise authorized by statute.[2] Section 702 of the APA provides:

> An action in a court of the United States seeking relief other than money damages and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority shall not be dismissed nor relief therein be denied on the ground that it is against the United States or that the United

---

2. Neither party disputes plaintiff has no further administrative recourse. The government argues, however, that "an exchange of letters" is not the type of agency action contemplated under the APA. Due to the lack of formal administrative process by which plaintiff can otherwise challenge FEMA's conduct, this Court will consider FEMA's written refusal to stop using the "preferred risk" mark as final agency action.

> States is an indispensable party . . . . Nothing herein (1) affects other limitations on judicial review or the power or duty of the court to dismiss any action or deny relief on any other appropriate legal or equitable ground; or (2) confers authority to grant relief if any other statute that grants consent to suit expressly or impliedly forbids the relief which is sought.

5 U.S.C.A. § 702 (West 1977).

In *Califano v. Sanders,* 430 U.S. 99, 107 (1977), the Supreme Court held that the APA in and of itself is not an implied grant of subject-matter jurisdiction permitting federal judicial review of agency action. Nevertheless, several courts since *Sanders* have looked to the general federal jurisdiction statute, 28 U.S.C. § 1331, to obtain jurisdiction over APA actions. *Chrysler Corp. v. Brown,* 441 U.S. 281, 317 n.47 (1979) (section 1331 conferred jurisdiction to review decision made by the Defense Logistics Agency (DLA) that certain of petitioner's employment records were subject to disclosure under the Freedom of Information' Act (FOIA)); *see also Parola v. Weinberger,* 848 F.2d 956, 958 (9th Cir. 1988) (district court had jurisdiction under section 1331 to review General Accounting Office's decision regarding garbage collection franchise); *Robbins v. Reagan,* 780 F.2d 37, 41-42 (D.C. Cir. 1985) (section 1331 conferred jurisdiction to review agency decision closing building in which homeless shelter housed); *Hostetter v. United States,* 739 F.2d 983, 984 (4th Cir. 1984) (section 1331 provided jurisdiction to review wrongful discharge claim of Air Force civilian employee); *Berg v. Commander, Fifth Coast Guard Dist.,* 810 F. Supp. 703, 707 (E.D. Va. 1992) (section 1331 provided

jurisdiction to review decision to "disenroll" plaintiff from United States Coast Guard Auxiliary).[3]

Of course, federal district courts are not *automatically* vested with jurisdiction to review APA claims. First, judicial review must not be *specifically precluded* by statute. *See e.g. Chrysler Corp. v. Brown*, 441 U.S. at 317. The action must also "arise under" federal law. 28 U.S.C.A. § 1331; *see also Berg v. Commander, Fifth Coast-Guard Dist.*, 810 F. Supp. at 708. Neither party has identified a federal statute precluding review in the present case, and the Court is likewise unaware of such a statute. Thus, the sole remaining issue is whether plaintiff's action "arises under" federal law.

Plaintiff argues the action arises under provisions of federal trademark law. *See* 15 U.S.C.A. § 1051 *et seq.* (West 1976) ("The Lanham Act"). The government cites to a 1992 amendment to the Lanham Act waiving sovereign immunity' for actions against *state* governments, but not for actions against the *federal* government. *See* 15 U.S.C.A. § 1122 (West Supp. 1993). According to the government, Congress's failure to include the federal government in this amendment is evidence of its intent not to subject the federal government to Lanham Act suits. The government's argument is not persuasive: The legislative history suggests neither the House nor the Senate ever considered whether to include the federal government in the 1992 amendment. *See* 138 Cong. Rec. H11130-03 (daily ed. Oct. 3,

---

3. The government cites to *Fostvedt v. United States*, 978 F. 2d 1201, 1203 (10th Cir. 1992) for the premise that the APA cannot be coupled with section 1331 to achieve a waiver of sovereign immunity. *Fostvedt* can be distinguished from the present case in that in *Fostvedt*, there was a relevant statute expressly precluding judicial review. *Id.*

1992) (House proceedings); 138 Cong. Rec. S8146-02 (daily ed. June 12, 1992) (Senate proceedings). Congress' obvious concern in passing the amendment was to ensure consistency with respect to patent, copyright and trademark actions involving state institutions. *See e.g.*, Trademark Remedy Clarification Act, S. Rep. No. 102-280, 102nd Cong., 2d Sess. (1992) *reprinted in* 1992 U.S.C.C.A.N. 3087 (state sovereign immunity had previously been abrogated for copyright and patent suits). Furthermore, the amendment would minimize any unfair commercial advantage state institutions enjoyed over private institutions in developing patents and trademarks. *Id.* Nevertheless, the Court is hesistant to pase subject matter jurisdiction over the present action exclusively on the Lanham Act.

In *Berg v. Commander, Fifth Coast Guard Dist.*, the plaintiff sought federal district court review of a decision made by the United States Coast Guard to disenroll plaintiff from the Coast Guard Auxiliary. *Berg v. Commander, Fifth Coast Guard Dist.*, 810 F. Supp. at 705-06. The district court found that federal question jurisdiction could arise from the statute creating the Auxiliary and the Manual by which the disenrollment proceedings were conducted. *Id.* at 708.

Similarly, in *Robbins*, the District of Columbia Circuit Court of Appeals opined that a claim challenging the conduct of a federal of fiscal "acting under authority derived solely from a federal statute" arose under federal law. *Robbins v. Reagan*, 780 F.2d at 43. As stated by the court, "[f]ederal law is not only a direct element in this case, it is the only element." *Id.*

This Court considers *Berg* and *Robbins* to be particularly persuasive: The federal policy embodied within the Lanham Act,

combined with the statute and regulations that govern FEMA, vest the Court with subject matter jurisdiction under 28 U.S.C. § 1331 to hear plaintiff's claim. See 42 U.S.C.A. § 4001 *et seq.* (West 1977) (authorizing creation and management of federal flood insurance program).

Once this Court assumes jurisdiction, the APA will provide the method and scope of review. *Hostetter v. United States,* 739 F. 2d 983, 985 (4th Cir. 1984); *Berg v. Commander, Fifth Coast Guard Dist.,* 810 F. Supp. 703, 707 (E.D. Va. 1992). The Lanham Act will also contribute useful standards with which to evaluate plaintiff's claim.

III. CONCLUSION

The Court does not suggest every statute creating a federal agency should serve as a basis for federal question jurisdiction under the APA. Nor does the Court believe every exchange of correspondence involving a federal agency amounts to reviewable agency action.

On the other hand, not every exchange of correspondence implicates federal trademark law. The Court has carefully weighed the equities involved, and believes judicial review is appropriate. The fact plaintiff seeks only injunctive relief, coupled with the fact there is no administrative appeals process with which to challenge FEMA's decision, make this case sufficiently unique that assuming jurisdiction over plaintiff's claim will not "open the floodgates" to potential litigants.

As emphasized by the Supreme Court in *Bowen v. Massachusetts,* 487 U.S. 879, 904 (1988), the waiver of sovereign immunity under the APA is to be construed liberally:

Appendix E

> In our leading opinion explaining the significance of this provision, Justice Harlan wrote: "The Administrative Procedure Act provides specifically not only for review of "[a]gency action made reviewable by statute' but also for review of 'final agency action for which there is no other adequate remedy in a court."' 5 U.S.C. § 704. The legislative material elucidating that seminal act manifests a congressional intention that it cover a broad spectrum of administrative actions, and that this Court has echoed that theme by noting that the Administrative Procedure Act's "generous review provisions" must be given a "hospitable interpretation." *Abbot Laboratories v. Gardner,* 387 U.S. 136, 140-141, 87 S. Ct. 1507, 1511, 18 L. Ed. 2d. 681 (1967) (footnote omitted).

Clearly, Preferred Risk has no other "adequate remedy in a court," and deserves this Court's "hospitable" interpretation of the jurisdictional statutes. For the reasons outlined above, de antis motion to dismiss is DENIED.

IT IS SO ORDERED.

Dated this 26th day of October, 1993

s/ Ronald E. Longstaff
RONALD E. LONGSTAFF
UNITED STATES DISTRICT COURT

APPENDIX F — ARTICLE FROM THE WALL STREET JOURNAL DATED JUNE 13, 1996

THE WALL STREET JOURNAL

THURSDAY, JUNE 13, 1996

MIDWEST EDITION
DES MOINES, IOWA

'No Sweat' Campaign Has at Least One Sweat-Shirt Maker Sweating

By Glenn Burkins

Staff Reporter of THE WALL STREET JOURNAL

Labor Secretary Robert Reich's campaign to crack down on sweatshops is getting at least one clothing maker hot under the collar, but not exactly in the way he intended.

When sportswear designer Bette Appel of Bloomfield Hills, Mich., read several weeks ago that California Rep. George Miller was suggesting that American clothing makers voluntarily put a "No Sweat" label in their garments to show support for Mr. Reich's campaign, she says she "was dumbfounded."

Her company, Bette Appel Inc., has held a trademark for the "No Sweat" label for nearly 30 years, she says. She has two stores in Michigan and supplies sportswear to specialty shops around the country.

Daniel Weiss, Rep. Miller's chief of staff, says the congressman wasn't aware of Ms. Appel's trademark when he held a Capitol Hill news conference May 29 to make the "No

Sweat" recommendation. "We're going to look into it," Mr. Weiss promised Tuesday. The antisweatshop publicity campaign aims to pressure retailers and manufacturers to scrutinize their contractors' labor conditions.

At the Labor Department, Scott Sutherland, a spokesman for Secretary Reich, says the agency was unaware of Ms. Appel's claim — until her lawyer called Monday to complain. "We don't want to interfere with the efforts of a private enterprise," says Mr. Sutherland.

But the Labor Department isn't going to give up. Mr. Sutherland says the agency is still applying to the U.S. Patent and Trademark Office for the "No Sweat" trademark. A Patent Office spokeswoman said she couldn't talk about the details of the case, but noted that it's possible for a trademark to be issued to different owners for different uses.

Ms. Appel, whose clothing lines are sewn in Michigan by people she says makes between $8 and $10 an hour, has another suggestion. She says she would be willing to let the Labor Department and other clothing companies use the phrase — as long as she receives a "reasonable" royalty. She says part of the money would be donated to charity.

Mr. Reich couldn't be reached to comment. In Geneva yesterday at a meeting of international labor ministers, he called on them to adopt their own clothing-labelling programs.

Supreme Court, U.S.
FILED
FEB 10 1997

No. 96-924

In the Supreme Court of the United States

OCTOBER TERM, 1996

PREFERRED RISK MUTUAL INSURANCE COMPANY,
PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

WALTER DELLINGER
Acting Solicitor General
FRANK W. HUNGER
Assistant Attorney General
MARK B. STERN
JOHN C. HOYLE
Attorneys
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217

QUESTION PRESENTED

The Lanham Trade-Mark Act, 15 U.S.C. 1051, *et seq.*, defines "person" to include "a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law." 15 U.S.C. 1127. The Act further provides that "[t]he term 'person' also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127. The question presented by the petition is:

Whether the Lanham Act's proscription of infringement of a valid trademark by "[a]ny person", 15 U.S.C. 1114(1), 1125(a)(1)(A), applies to the United States.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Statement	2
Argument	7
Conclusion	12

TABLE OF AUTHORITIES

Cases:

Accardi v. *United States*, 435 F.2d 1239 (3d Cir. 1970)	8
Califano v. *Sanders*, 430 U.S. 99 (1977)	10
Department of Energy v. *Ohio*, 503 U.S. 607 (1992)	9
International Primate Protection League v. *Administrators of Tulane Educational Fund*, 500 U.S. 72 (1991)	8
Lane v. *Pena*, 116 S. Ct. 2092 (1996)	9, 10
Lockridge v. *United States*, 218 Ct. Cl. 687 (1978)	7
New York State Office of Parks & Recreation v. *Atlas Souvenir & Gift Co.*, 207 U.S.P.Q. 954 (TTAB 1980)	11
Serra v. *General Services Admin.*, 667 F. Supp. 1042 (S.D.N.Y. 1987), aff'd, 847 F.2d 1045 (2d Cir. 1988)	7
United States v. *Bonanno Organized Crime Family of La Cosa Nostra*, 879 F.2d 20 (2d Cir. 1989)	8
United States v. *Cooper Corp.*, 312 U.S. 600 (1941)	8
United States v. *Nordic Village*, 503 U.S. 30 (1992)	9
United States v. *United Mine Workers*, 330 U.S. 258 (1947)	8

Cases—Continued: Page

Unix Sys. Labs., Inc. v. *Berkeley Software Design, Inc.*, 832 F. Supp. 790 (D.N.J. 1993) 11
Will v. *Michigan Dep't of State Police*, 491 U.S. 58 (1989) 8
Woelffer v. *Happy States of Am., Inc.*, 626 F. Supp. 499 (N.D. Ill. 1985) 11

Statutes and regulations:

Administrative Procedure Act, 5 U.S.C. 702 10
National Food Insurance Act of 1968, 42 U.S.C. 4001 *et seq.* 2
Lanham Trade-Mark Act, 15 U.S.C. 1051 *et seq.* 3
15 U.S.C. 1051-1128 .....
15 U.S.C. 1114(1) 3, 4, 7
15 U.S.C. 1122(a) 4
15 U.S.C. 1125(a)(1)(A) 4, 3, 7
15 U.S.C. 1125(a)(2) 4
15 U.S.C. 1127 ..... 4, 8
36 U.S.C. 380 11
Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 9
44 C.F.R.:
Pt. 61 App. 2
Section 61.7(b) 2
Section 61.13(a) .....
Section 62.6 2

In the Supreme Court of the United States

OCTOBER TERM, 1996

No. 96-924

PREFERRED RISK MUTUAL INSURANCE COMPANY,
PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 2a-15a) is reported at 86 F.3d 789. The relevant opinions of the district court (Pet. App. 16a-44a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on June 13, 1996. A petition for rehearing was denied on September 10, 1996. Pet. App. 1a. The petition for a writ of certiorari was filed on December 9, 1996. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner is a private company that sells multi-line insurance including automobile, home-owners, and commercial coverage primarily to churches and non-drinkers, *i.e.*, their "preferred risks." Pet. App. 3a. It has been in existence since 1947 and has used the phrase "preferred risk" to identify its policies since that time. *Ibid.* In 1988, petitioner filed trademark applications for "Preferred Risk Group," "Preferred Risk," and "Preferred Risk Mutual." *Ibid.*

2. Pursuant to the National Flood Insurance Act of 1968, 42 U.S.C. 4001 *et seq.*, the Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program through its component, the Federal Insurance Administration. As part of that program, FEMA offers standard flood insurance policies that cover businesses, dwellings, and condominiums. See 44 C.F.R. 61.13(a); Pt. 61 App. (A)(1)-(A)(3) (reprinting policies). Those standard policies are marketed nationwide and may be sold by any state-licensed insurance agent. See 44 C.F.R. 62.6.

Since the late 1980s, FEMA has offered a lower premium rate for flood insurance in areas where the risk of flooding is relatively slight. See 44 C.F.R. 61.7(b); Pet. App. 3a. Some time before August 1989, FEMA began using the term "Preferred Risk" on those policy application forms and in advertisements to insurance agents. Pet. App. 3a.[1]

---

[1] The application form is reproduced in petitioner's appendix in the court of appeals. The form is described as a "Flood Insurance Preferred Risk Policy Application" in the upper right corner of the first page. It contains several indications that the policy is offered by the federal govern-

In 1990 and thereafter, petitioner wrote FEMA several letters to complain about the agency's use of the phrase "preferred risk." Pet. App. 4a. FEMA responded, asserting, among other things, that its use of the phrase "preferred risk" was not confusingly similar to petitioner's logo because the United States logo and the name of the federal agency were both prominently displayed on all National Flood Insurance Program forms and because petitioner was not a seller of flood insurance. *Ibid.* In 1992, petitioner wrote to FEMA informing the agency that its registration of "Preferred Risk" as a trademark had been allowed, and again demanding that FEMA stop using the term "Preferred Risk." *Ibid.* FEMA refused petitioner's request. *Ibid.*

3. In May 1993, petitioner filed suit against the United States, alleging that FEMA's use of the phrase "preferred risk" violated the Lanham Trade-Mark Act (Lanham Act), as well as other laws, and seeking an injunction requiring, among other things, that the government cease its alleged infringement of petitioner's marks. Pet. App. 4a-5a. The Lanham Act, 15 U.S.C. 1051-1128, is the federal trademark statute. The Act proscribes actions that are "likely to cause confusion" as to the source of a product. 15 U.S.C. 1114(1), 1125(a)(1)(A). "Any person" who, without obtaining consent, uses a valid, registered mark in a way that is likely to cause confusion is civilly liable. 15 U.S.C. 1114(1). Similarly, even absent a registered

---

ment. Among other things, the words "Federal Emergency Management Agency" and the federal government eagle seal appear in the upper left corner of the first page. The words "U.S. Government Printing Office" followed by a code number are at the top center of that page.

mark, the Act places liability on "[a]ny person" who uses a "word, term, [or] name" in a way that is likely to cause confusion about whether his goods or services are connected with or approved by "another person." 15 U.S.C. 1125(a)(1)(A).

The government moved to dismiss petitioner's suit, arguing that neither the Lanham Act nor any other federal law authorized the suit against the United States. As to the Lanham Act, the government noted, *inter alia*, that the Act makes clear that the "person[s]" who may be sued thereunder include "any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127; see 15 U.S.C. 1114(1), 1125(a)(2) (same); see also 15 U.S.C. 1122(a) (expressly abrogating the Eleventh Amendment immunity of States). The Act contains no analogous language specifying that the United States and its instrumentalities are "persons" subject to suit.

The district court denied the government's motion to dismiss. Pet. App. 37a-44a. Although the court did not expressly find that the United States was subject to the Lanham Act's prohibitions, it declared that "the federal policy embodied within the Lanham Act" in addition to the "statute and regulations that govern FEMA" vested the court "with subject matter jurisdiction under 28 U.S.C. § 1331 to hear [petitioner's] claim." Pet. App. 42a-43a. The court also stated that the Administrative Procedure Act (APA) would "provide the method and scope of review" on the merits, but that the Lanham Act would "contribute useful standards with which to evaluate [petitioner's] claim." *Id.* at 43a.

The district court later awarded summary judgment to petitioner and enjoined the government from continuing the use of the phrase "preferred risk" to designate any flood insurance policies sponsored by FEMA. Pet. App. 16a-30a. The court determined that the phrase "preferred risk" was protectable under the Lanham Act, *id.* at 25a, and that the government's use of that term would confuse customers. *Id.* at 26a. The court thus concluded that the government's actions "constitute[] an infringement of the Preferred Risk service mark" and that FEMA's contrary determinations "lacked any rational basis" and violated the APA. *Id.* at 30a.

4. The court of appeals reversed. Pet. App. 2a-15a. The court concluded that the federal government does not fall within the Lanham Act's definition of "person[s]" subject to its proscriptions. The court rejected petitioner's argument that the inclusion of the term "organization[s] capable of suing and being sued" as persons subject to the Lanham Act's proscriptions should be construed to include federal agencies. Pet App. 12a. The court explained that the language relied upon by petitioner was "a catch-all term at the end of a list of private entities." *Ibid.* Under the principle of *ejusdem generis*, the court noted, such a list of private entities would not ordinarily be read to include the federal government. *Ibid.*

The court further concluded that, by amending the term "person" in 1992 to include any "State," but not mentioning the federal government, Congress provided "conclusive evidence of [its] intent to exclude the federal government" from coverage. Pet. App. 12a-13a (citing *Department of Energy* v. *Ohio*, 503 U.S. 607, 617-618 (1992)). In addition, the court noted

that interpreting the Lanham Act to include the United States within the definition of "person" would create a right of action against the United States and that such a waiver of sovereign immunity would have to be "express and unequivocal"—a standard clearly not met here. Pet. App. 13a.

The court of appeals acknowledged that "the strongest argument" that the federal government is a "person" subject to suit under the Lanham Act "is that * * * agencies of the federal government have registered trademarks and protested the registration of trademarks by others." Pet. App. 13a. The court noted, however, that administrative decisions holding that federal government entities are "person[s]" for the purposes of registering or protesting trademarks employed a broad construction to give the Lanham Act its maximum effect and that such an approach is inappropriate when considering whether there has been a waiver of sovereign immunity. *Id.* at 14a. Furthermore, the court concluded that in light of the limited legal question at issue in this litigation it "need not consider whether the administrative court decisions permitting federal agencies to register trademarks were correct and [we] leave that issue for future consideration or legislative clarification." *Ibid.*

Finally, the court considered petitioner's policy argument that a ruling in favor of the federal government will leave all trademark owners vulnerable to piracy by the federal government. Pet. App. 14a. The court found that "[t]here is little evidence that such concerns with respect to the federal government are reasonably founded." *Id.* at 15a. Further, the court concluded that it "must infer that Congress determined that such a threat did not outweigh the benefit

of retaining sovereign immunity. If in the future, however, the legislative branch finds that such concerns must be addressed, it is free to amend the Lanham Act to expressly waive the sovereign immunity of the United States as it has done with states." *Ibid.*[2]

ARGUMENT

The court of appeals correctly held that petitioner cannot sue the United States for a violation of the Lanham Act because the Act's proscription of infringement of a valid trademark by "[a]ny person", 15 U.S.C. 1114(1), 1125(a)(1)(A), does not apply to the United States. Indeed, no court has held that the United States can be sued for trademark violations. See *Serra* v. *General Services Admin.*, 667 F. Supp. 1042, 1051 (S.D.N.Y. 1987) ("No statute of the United States contains a consent from the United States that it may be sued for trademark infringement."), aff'd, 847 F.2d 1045 (2d Cir. 1988); see also *Lockridge* v. *United States*, 218 Ct. Cl. 687, 689-690 & n.2 (1978).

To begin with, the most natural reading of the relevant statutory language is that Congress did not intend to include the United States within the entities that are subject to suit under the Lanham Act. The Act, by its terms, applies only to "person[s]," 15 U.S.C. 1114(1), 1125(a)(1)(A). Although the Act contains detailed definitions of the persons to whom the Act's proscriptions apply, the United States is pointedly *not* included by any direct refer-

---

[2] Because the court of appeals decided that the proscriptions of the Lanham Act do not apply to the federal government, it did not consider the federal government's argument that FEMA's use of the phrase "preferred risk" did not constitute trademark infringement. Pet. App. 15a.

ence in these definitions. It is well-established that in the absence of an express inclusion of the United States within a statute's definition of the "person[s]" to whom it applies, the statutory term "person" will not ordinarily be construed to include the sovereign. *United States* v. *United Mine Workers*, 330 U.S. 258, 275 (1947); *Will* v. *Michigan Dep't of State Police*, 491 U.S. 58, 64 (1989); *International Primate Protection League* v. *Administrators of Tulane Educational Fund*, 500 U.S. 72, 82-83 (1991). In accord with that principle, courts uniformly have held that the United States is not a "person" under a variety of statutes. See, *e.g.*, *United Mine Workers*, 330 U.S. at 274 (United States not a "person" under Norris-LaGuardia Act); *United States* v. *Cooper Corp.*, 312 U.S. 600, 604 (1941) (United States not a "person" under Sherman Act); *United States* v. *Bonanno Organized Crime Family of La Cosa Nostra*, 879 F.2d 20, 22-24 (2d Cir. 1989) (United States not a "person" under RICO); *Accardi* v. *United States*, 435 F.2d 1239, 1241 (3d Cir. 1970) (United States not a "person" under 42 U.S.C. 1983).

In an attempt to avoid that well-settled principle, petitioner argues that the United States is subject to the proscriptions in the Lanham Act because the Act defines "juristic person," to include an "organization capable of suing and being sued in a court of law," as well as "a firm, corporation, union, [or] association." 15 U.S.C. 1127. As the court of appeals held, however, the phrase "other organization capable of suing and being sued in a court of law" is a "catch-all" phrase at the end of a list of private entities, and the statutory construction principle of *ejusdem generis* counsels against interpreting that phrase to include a wholly different type of entity, especially the sovereign.

Petitioner attempts (Pet. 7) to avoid that conclusion by arguing that the principle of *ejusdem generis* does not apply where the context dictates a different result. Petitioner's argument, however, fails on its own terms. Nothing in the context of the Lanham Act indicates that Congress intended for the Lanham Act's proscriptions to apply to the United States. Petitioner has cited neither statutory language nor legislative history that would support its argument. Rather, petitioner simply argues that the United States should be included within a "broad definition" of the statutory term "person" under a generalized view of the statute's purpose. Such an argument is at best circular and, in any event, cannot prevail over the "firmly grounded" rule that "[a] waiver of the Federal Government's sovereign immunity must be unequivocally expressed in statutory text." *Lane* v. *Pena*, 116 S. Ct. 2092, 2096 (1996); *United States* v. *Nordic Village*, 503 U.S. 30, 33 (1992).

The 1992 Trademark Remedy Clarification Act (Pub. L. No. 102-542, 106 Stat. 3567) provides further reason why petitioner's argument was properly rejected. By that Act, Congress provided that the term "person" in the Lanham Act shall include "any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127. The omission of the United States from the list of governmental entities to be included within the statutory term "person" must be "seen as a pointed one," *Department of Energy* v. *Ohio*, 503 U.S. 607,

617-618 (1992), and it is further evidence that the statute is inapplicable to the United States. *Ibid.*[3]

Petitioner also relies (Pet. 4-6, 12-13) on the waiver of sovereign immunity in the Administrative Procedure Act (APA), 5 U.S.C. 702, and the presumption in favor of judicial review of agency action to provide a basis for this suit because no money damages are sought in this case. As petitioner acknowledges (Pet. App. 6), however, the APA requires a "separate 'relevant statute' * * * to demonstrate that the claimant has suffered a 'legal wrong,' such that there is federal jurisdiction to address that wrong." Section 702 does not create substantive rights. *Califano* v. *Sanders*, 430 U.S. 99, 105-106 & n.6 (1977). There is thus no right to sue the United States for a violation of the APA in the absence of a relevant statute whose violation forms the legal basis for the suit, even if the only remedy that is sought is injunctive. That is especially so where, as here, a suit seeks an injunction against the United States, rather than against specified federal officials or a particular agency. Because the Lanham Act's proscriptions do not apply to the United States, that Act does not provide the necessary legal basis for petitioner's suit.

Petitioner also argues (Pet. 9-10) that the prohibitions contained in the Lanham Act must be interpreted to constrain actions of the federal government and subject it to suit because federal agencies have

---

[3] It is no answer for petitioner to assert (Pet. 7-9) that the Trademark Remedy Clarification Act dealt only with liability of States and did not address the issue of liability of the federal government. It can not be doubted that for a statute to apply its prohibitions to the federal government, Congress must unequivocally express such an intent. See, *e.g.*, *Pena*, 116 S. Ct. at 2096.

been found to be "person[s]" eligible for certain benefits under the Act. The court of appeals considered that argument (Pet. App. 13a-15a) and properly rejected it. As the court pointed out, there are substantial grounds for distinguishing the two situations. In contrast to well-settled principles governing interpretation of statutes when waivers of sovereign immunity are being considered, the administrative decisions allowing the government to obtain certain benefits under the statute are based on a broad construction intended to give the statute's provisions their maximum effect. The compatibility of these two principles is illustrated by the fact that before the Lanham Act's 1992 amendment States were not "persons" subject to suit under the statute, *Woelffer* v. *Happy States of Am., Inc.*, 626 F. Supp. 499, 504 (N.D. Ill. 1985); *Unix Sys. Labs., Inc.* v. *Berkeley Software Design, Inc.*, 832 F. Supp. 790, 799 (D. N.J. 1993); yet, contemporaneous administrative decisions held that States could benefit from certain provisions of the Lanham Act. See *New York State Office of Parks & Recreation* v. *Atlas Souvenir & Gift Co.*, 207 U.S.P.Q. 954, 958 (TTAB 1980).

In any event, the court of appeals correctly perceived that the question whether the registration provisions of the Lanham Act are available to federal agencies is not presented by this case. See Pet. App. 14a. For this reason, petitioner's argument (Pet. 10-11) that the panel's decision puts in jeopardy hundreds of famous government trademarks does not provide a reason for this Court to hear this case. Questions relating to those trademarks must await other litigation or legislative action and do not implicate the court of appeals' correct conclusion that Congress

has not authorized petitioner's suit against the United States.[4]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

WALTER DELLINGER
Acting Solicitor General
FRANK W. HUNGER
Assistant Attorney General
MARK B. STERN
JOHN C. HOYLE
Attorneys

FEBRUARY 1997

.[4] Moreover, petitioner has overstated the alleged "jeopardy" to government trademarks. Many government trademarks are protected by specific statute, see, *e.g.*, 36 U.S.C. 380, protecting Olympic symbols, and hence are not dependent upon interpretation of the Lanham Act.

FILED
FEB 10 1997
CLERK

No. 96-924

In The

Supreme Court of the United States

October Term, 1996

PREFERRED RISK MUTUAL INSURANCE COMPANY,

Petitioner,

vs.

UNITED STATES OF AMERICA,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

BRIEF FOR AMICUS CURIAE INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF PETITION

STEPHEN R. BAIRD
ANNE S. JORDAN
JEFFREY M. SAMUELS
Attorneys for Amicus Curiae International Trademark Association
1133 Avenue of the Americas
New York, New York 10036-6710
(212) 768-9887

70064
(800) 3 APPEAL • (800) 5 APPEAL • (800) BRIEF 21
Lutz Appellate Services, Inc.

19 pp

TABLE OF CONTENTS

	Page
Table of Citations	ii
Interest of the Amicus Curiae	1
Summary of Argument	3
Argument	5
I. The A.P.A. Provides A Waiver Of Sovereign Immunity Whenever Injunctive Relief Is Sought.	5
II. The Lanham Act Applies To The Federal Government.	6
A. The Eighth Circuit Incorrectly Interpreted The Meaning Of The Word "Juristic Person" Under The Lanham Act.	6
B. The Eighth Circuit Ignored The Critical Legislative History Of The Trademark Remedy Clarification Act Which Further Demonstrates Congress' Intent To Have The Lanham Act Apply To The Federal Government.	11
C. The Eighth Circuit's Interpretation Of The Word "Juristic Person" Is Contrary To An Important Purpose Of The Lanham Act.	13
Conclusion	14

Contents

Page

TABLE OF CITATIONS

Cases Cited:

Bowen v. Massachusetts, 487 U.S. 879 (1988) 5

Coalition to Preserve Integrity of American Trademarks v. United States, 598 F. Supp. 844 (D.D.C. 1984), *rev'd on other grounds*, 790 F.2d 903 (D.C. Cir. 1986), *judgment affirmed in part, reversed in part, K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988) 7

Country Floors Inc. v. Partnership of Gepner & Ford, 930 F.2d 1056, 18 U.S.P.Q. 2d 1577 (3d Cir. 1991) 8

Department of Energy v. Ohio, 503 U.S. 607 (1992) . 13

Houston v. Department of Housing and Urban Development, 24 F.3d 1421 (D.C. Cir. 1994) 5

In re United States Department of the Interior, 142 U.S.P.Q. 506 (TTAB 1964) 8

Jefferson County Pharmaceutical Ass'n, Inc. v. Abbott Laboratories, 460 U.S. 150 (1982) 7

NASA v. Record Chemical Co. Inc., 185 U.S.P.Q. 563 (TTAB 1975) 7

Olympus Corp. v. United States, 792 F.2d 315 (2d Cir. 1986), *cert. denied*, 486 U.S. 1042 (1988) 7

Contents

Page

Preferred Risk Mutual Insurance Co. v. United States, 86 F.3d 789 (8th Cir. 1996) 6, 8, 9, 10, 13

United States v. Cooper Corporation et al., 312 U.S. 600 (1941) 6, 9, 12

United States v. Merchants Mutual Bonding Company, 220 F. Supp. 163 (N.D. Iowa 1963) 6

United States v. Nordic Village, Inc., 503 U.S. 30 (1992) 10

U.S. Navy v. U.S. Manufacturing Co., 2 U.S.P.Q. 2d 1254 (TTAB 1987) 7

Vivitar Corp. v. United States, 761 F.2d 1552 (Fed. Cir. 1985), *cert. denied*, 474 U.S. 1055 (1986) 7

Wilson v. Omaha Indian Tribe, 442 U.S. 653 (1979) . 11

Statutes Cited:

5 U.S.C. § 702 .....3, 5, 10, 11

15 U.S.C. § 1114(1) 13

15 U.S.C. § 1125(a)(1)(A) 13

15 U.S.C. § 1127 .....2, 6, 7, 8

Trademark Remedy Clarification Act of 1992, Pub. L. No. 102-542 §3(d), 106 Stat. 3567 12

Contents

Page

United States Constitution Cited:

Fourteenth Amendment 13

Other Authorities Cited:

The American Heritage Dictionary of the English Language 283 (3d ed. 1992) 7

134 Cong. Rec. 516974 (daily ed. October 20, 1988) 1, 2

1992 U.S.C.C.A.N. 3095 12

The International Trademark Association, as *amicus curiae*, respectfully supports the petition of Preferred Risk Mutual Insurance Company for a writ of *certiorari* to review the judgment and opinion of the United States Court of Appeals for the Eighth Circuit entered June 13, 1996, in this case. Both Petitioner and Respondent have granted their consent to the filing of this brief *amicus curiae*, and those consents have been lodged with the Clerk.

INTEREST OF THE AMICUS CURIAE

The International Trademark Association ("INTA"), founded in 1878 as The United States Trademark Association ("USTA"), is a not-for-profit corporation of more than 3,200 members having an interest in trademarks. INTA's members include trademark owners, advertising agencies, and law firms from the United States and foreign countries, including some of the world's foremost corporations. These members form an important segment of the United States business community, and they and their counsel have substantial experience in trademark law.

INTA's corporate members spend millions of dollars each year in the development, registration, and protection of their trademarks in the United States. All INTA members share an interest in protecting the integrity of the American trademark system through a coherent and consistent judicial treatment of federally registered trademarks.

INTA has been instrumental in making recommendations and providing assistance to Congress in connection with The Trademark Act of 1946, as amended ("Lanham Act"), including through the active participation of USTA's Trademark Review Commission in the development and enactment of the Trademark Law Revision Act of 1988 ("TRLA"), the most significant amendment of the Lanham Act since 1946. *See* 134 Cong. Rec.

516974 (daily ed. October 20, 1988). INTA also participated in the passage of the Trademark Remedy Clarification Act of 1992 ("TRCA").

INTA urges the Court to grant certiorari on Petitioner's Question 1 because it raises an important question of federal law. The Court should take this opportunity to resolve the split between the Eighth Circuit, which has held that the Lanham Act does not apply to the federal government, and the administrative tribunal of the United States Patent and Trademark Office, which has held that the Lanham Act applies to the federal government and has so held for decades. Thus, there is a split of authority on the issue of whether the federal government may be considered a "juristic person" within the meaning of the Lanham Act (15 U.S.C. § 1127). The answer to this important question will determine whether the federal government must respect trademark owners' rights, just like all other entities. It will also determine whether, under circumstances not at issue in the instant case, the federal government is entitled to benefit from the Lanham Act as a trademark owner.

INTA has a significant interest in this case because of the profound adverse effect it could have upon the ability of INTA's members to protect their trademark rights if the federal government is able to make unauthorized and infringing uses. In particular, the substantial investments trademark owners make in developing goodwill and recognition for their marks needs to be protected against unfettered intrusions by the federal government. Furthermore, consumers rely heavily on marks which they have come to associate with a particular product or service emanating from a single source and they need to be protected from confusion which would result if they were no longer able to feel assured that the quality they associate with a particular trademark emanates from or is controlled by a single source.

SUMMARY OF ARGUMENT

The Eighth Circuit has effectively eviscerated the Administrative Procedures Act ("A.P.A.") and rewritten the Lanham Act to preclude injunctive relief against the federal government for acts of trademark infringement, in holding that the Lanham Act does not apply to the federal government or provide potential plaintiffs with a cause of action for injunctive relief against the federal government.

Congress has waived sovereign immunity for the federal government and its agencies in suits for injunctive relief when the underlying statute which gives rise to the action has been violated. This waiver is clear both from the plain and unambiguous language of the 1976 amendment to § 702 of the A.P.A., and the case law interpreting the amendment. The waiver of sovereign immunity embodied in that statute was intended to be very broad, and it applies to all actions not involving money damages. Since Petitioner's claim is not for money damages, sovereign immunity has been waived, in this case, provided that the federal government is liable for infringement under the relevant statute — the Lanham Act.[1]

The Court of Appeals held, however, that the Lanham Act does not apply to the federal government and its agencies because they are not "juristic persons" within the meaning of the Lanham Act. In so holding, the Eighth Circuit has made a pronouncement which will have sweeping adverse consequences on all trademark owners, including the federal government itself. If the Eighth Circuit's holding is allowed to stand, federal agencies will be free to adopt and use — and infringe — any trademarks with impunity. Moreover, without reversal of the

---

1. The Eighth Circuit did not decide and INTA takes no position on whether the federal government infringed Petitioner's Preferred Risk® service mark.

Eighth Circuit's holding that the federal government is not a "juristic person" within the meaning of the Lanham Act, it necessarily follows that the federal government is not entitled to the significant benefits the Lanham Act grants to trademark owners, benefits the federal government has enjoyed for decades.

This means that the federal government should not be able to federally register its marks in the future, and that all of its existing federal registrations should be considered void ab initio. An additional consequence of the Eighth Circuit's holding is that the federal government would be unable to oppose pending applications or cancel existing registrations for marks which are confusingly similar to marks owned by the federal government.

The adverse consequences of the Eighth Circuit's holding aside, the ruling is simply wrong. The Lanham Act applies to "juristic persons," defined as organizations "capable of suing and being sued in a court of law." This broad definition clearly includes the federal government and its various agencies. The plain language of the statute, as well as the legislative history of the Lanham Act and the Trademark Remedy Clarification Act, makes it clear that Congress intended that the federal government be subject to the provisions of the Lanham Act and, thus, required to respect the federal trademark rights of others. Furthermore, the purposes of the Lanham Act do not provide any reason for distinguishing between the federal government and any other infringer. As a "juristic person," and due to the waiver of sovereign immunity in claims for injunctive relief provided by the A.P.A., the federal government should be subject to injunctive relief under the Lanham Act when it infringes the trademark rights of another.

Congress' decision not to provide an express waiver of sovereign immunity in the Lanham Act for actions seeking money damages against the federal government does not render

the Act inapplicable for purposes of enjoining the federal government from engaging in acts of trademark infringement.

ARGUMENT

I.

THE A.P.A. PROVIDES A WAIVER OF SOVEREIGN IMMUNITY WHENEVER INJUNCTIVE RELIEF IS SOUGHT.

Section 702 of the A.P.A. reads in pertinent part:

> An action in a court of the United States *seeking relief other than money damages* and stating a claim that an agency or an officer or employee thereof acted or failed to act in an official capacity or under color of legal authority *shall not be dismissed nor relief therein be denied on the ground that it is against the United States* or that the United States is an indispensable party . . .

5 U.S.C. § 702 (emphasis added). The plain language of the waiver of sovereign immunity under the A.P.A. could not be clearer and, as a result, has been construed quite broadly when only injunctive relief is sought. *Bowen v. Massachusetts*, 487 U.S. 879, 904 (1988). The Court of Appeals for the District of Columbia has gone so far as to say that "the '76 Amendment to [A.P.A. § 702] . . . eliminated the defense of sovereign immunity in cases against the United States in which Plaintiffs do not seek money damages." *Houston v. Department of Housing and Urban Development*, 24 F.3d 1421, 1427 (D.C. Cir. 1994). Nevertheless, the Eighth Circuit held that Petitioner's action, which sought relief other than money damages, and which stated a claim that an

agency acted or failed to act in an official capacity or under color of legal authority, *should* be dismissed and relief therein *should* be denied on the ground that it is against the United States.

II.

THE LANHAM ACT APPLIES TO THE FEDERAL GOVERNMENT.

The Eighth Circuit erroneously held that the Lanham Act does not apply to the federal government. *Preferred Risk Mutual Insurance Co. v. United States,* 86 F.3d 789, 795 (8th Cir. 1996). The holding of the Court of Appeals is inconsistent with both the plain meaning of the Act's express definitions for the terms "person" and "juristic person," and with legislative history confirming Congress' intent that the Lanham Act apply to the states as well as the federal government. The holding is also flatly inconsistent with the underlying policy of providing trademark owners with a cause of action to prevent confusion and deception in the marketplace.

A. The Eighth Circuit Incorrectly Interpreted The Meaning Of The Word "Juristic Person" Under The Lanham Act.

Section 45 of the Lanham Act defines those governed by the Lanham Act as being a "person," a "natural person," or a "juristic person." A juristic person "includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law." 15 U.S.C. § 1127. The term "juristic person" has specifically been held to include the federal government. *United States v. Cooper Corporation et al.,* 312 U.S. 600, 604 (1941); *United States v. Merchants Mutual Bonding Company,* 220 F. Supp. 163, 181 (N.D. Iowa 1963). The plain language of the statute is controlling unless a contrary

legislative intent emerges from the legislative history. *Jefferson County Pharmaceutical Ass'n, Inc. v. Abbott Laboratories,* 460 U.S. 150, 157 (1982). As discussed below, the legislative history supports Petitioner's interpretation of the term "juristic person."

To qualify as a juristic person, the federal government must be an organization "capable of suing and being sued." 15 U.S.C. § 1127. "Capable" means "[h]aving capacity or ability. . . ." The American Heritage Dictionary of the English Language 283 (3d ed. 1992). An "organization" is "[a] group of persons organized for a particular purpose. . . ." *Id.* at 1275. The dictionary definition of the term "government" expressly includes an "organization": "Management or administration of an *organization*. . . ." *Id.* at 784 (emphasis added).

Accordingly, the federal government is an organization that has the "ability" to sue and be sued, as evidenced by actions brought by the federal government as "juristic persons" under the Lanham Act, *see, e.g., U.S. Navy v. U.S. Manufacturing Co.,* 2 U.S.P.Q. 2d 1254, 1257 (TTAB 1987); *NASA v. Record Chemical Co. Inc.,* 185 U.S.P.Q. 563, 566 (TTAB 1975), and by the actions in which the federal government did not contest its ability to be sued under the Lanham Act. *See Olympus Corp. v. United States,* 792 F.2d 315 (2d Cir. 1986), *cert. denied,* 486 U.S. 1042 (1988); *Coalition to Preserve Integrity of American Trademarks v. United States,* 598 F. Supp. 844 (D.D.C. 1984), *rev'd on other grounds,* 790 F.2d 903 (D.C. Cir. 1986), *judgment affirmed in part, reversed in part, K Mart Corp. v. Cartier, Inc.,* 486 U.S. 281 (1988); *Vivitar Corp. v. United States,* 761 F.2d 1552 (Fed. Cir. 1985), *cert. denied,* 474 U.S. 1055 (1986). In these cases, trademark owners sued the United States under the Lanham Act in various attempts to change existing trade regulations. Although the plaintiffs in those cases did not prevail on their Lanham Act claims, their claims were heard on the merits.

The Eighth Circuit held, however, that the federal government is not a "juristic person" because it is not specifically named in the definition of "juristic person" in the Lanham Act. *Preferred Risk,* 86 F.3d at 794. But the Eighth Circuit's rigid requirement is inappropriate because a particular type of entity does not need to be specifically named to satisfy the Lanham Act's definition of "juristic person." *See, e.g., Country Floors Inc. v. Partnership of Gepner & Ford,* 930 F.2d 1056, 18 U.S.P.Q. 2d 1577 (3d Cir. 1991) (holding partnership liable for violations of Lanham Act even though a "partnership" is not one of the organizations listed in the definition of "juristic person").

The plain language of the Act's "juristic person" definition shows that an agency of the federal government is, in fact, a "person" for all purposes of the Act. A close examination of the definitional section of the Act bolsters this interpretation. The Lanham Act defines "trademark" as:

> . . . any word, name, symbol, or device, or any combination thereof —
>
> (1) used by a *person,* or
>
> (2) which a *person* has a bona fide intention to use in commerce and applies to register on the principal register established by this Act.

15 U.S.C. § 1127. Under the plain language of the Act, then, only persons (defined to include "juristic persons") can use and register trademarks. It is unquestioned that the federal government both uses and registers trademarks.[2] Were this Court

---

2. *See, e.g., In re United States Department of the Interior,* 142 U.S.P.Q. 506-07 (TTAB 1964) (listing some specific examples of federal registrations issued to an agency of the federal government, namely, the Department of the Army).

to accept the Eighth Circuit's strained interpretation of the Lanham Act, the effect would be that no federal registrations could be obtained by the federal government, and all federal registrations already owned by the federal government and its various agencies would, presumably, be invalid.

Respondent tried to overcome these negative consequences by arguing below that the United States is a "person" for the purpose of receiving the benefits of the Act, but not a "person" to be subjected to the constraints of the Act. The Eighth Circuit agreed, although it did acknowledge that there were Trademark Trial and Appeal Board ("TTAB") cases in which federal governmental entities were held to constitute juristic persons for the purposes of registering a trademark or opposing the federal registration of others' trademarks. The Court of Appeals then attempted to distinguish those cases from the instant case on the ground that the TTAB cases allowed the government only to benefit from the Lanham Act — they did not subject the federal government to liability thereunder.[3]

As the Supreme Court held in *Cooper,* 312 U.S. at 607, the same word (in this case "juristic person") will not be construed to have different meanings within the same piece of legislation. The Court of Appeals decision, however, effectively approves of just such a contradictory reading. Indeed, the Court of Appeals even admitted "it must be conceded that this practice raises the potential problem of inconsistent interpretations of the word '[juristic] person' within the Lanham Act." *Preferred Risk,* 86 F.3d at 795. The result of such a reading, allowing the government to protect its rights under a law which it can hide

---

3. Respondent went so far as to say that "if [the Eighth Circuit] were to find that these administrative decisions are not distinguishable, then they must be rejected. . . . If that fact means that the federal government also may not benefit from the statute, it must accept that consequence or seek a legislative solution." Reply Brief for Appellant at 15.

behind when others seek to assert similar rights against it, is both incorrect and unnecessary.

The Eighth Circuit did not believe that the potential for infringement of trademarks by the federal government would be a real problem, stating that "[t]here is little evidence that such concerns are reasonably founded." *Preferred Risk,* 86 F.3d at 795. In the case at bar, the Petitioner has a federal service mark registration for Preferred Risk® in connection with insurance services, a mark it has used since 1947. The federal government is offering insurance under the mark "Preferred Risk," and has repeatedly dismissed requests to cease this use. Even if the Court were to assume that no infringement occurred in the present case, the Eighth Circuit's reluctance to believe that federal agencies are capable of infringing federally registered marks does not warrant its admittedly contradictory reading of the Lanham Act.

According to the Court of Appeals, the most important factor in its determination that the federal government is not a "juristic person," and therefore that the Lanham Act does not apply to the federal government, is that to so hold "would create a right of action against the United States under the terms of the [Lanham] Act. Providing such a right of action against the United States requires an express and unequivocal waiver of its sovereign immunity." *Id.* at 795 (citing *United States v. Nordic Village, Inc.*, 503 U.S. 30 (1992) (in a case involving claims for monetary relief). The Court of Appeals had earlier stated, however, that "although the plaintiff need not demonstrate that the substantive statute independently waives federal sovereign immunity, which is the function of section 702 [of the A.P.A.], the plaintiff must identify a substantive statute or regulation that the agency action had transgressed and establish that the statute or regulation applies to the United States." These contradictory portions of the ruling can only be reconciled by

acknowledging that if the Lanham Act (and other statutes) contained an express waiver of sovereign immunity where judicial review was desired, there would be no need for Section 702 of the A.P.A. The entire purpose of Section 702 of the A.P.A. is to waive sovereign immunity for nonmonetary relief where the relevant statute does *not* contain an express waiver.

Including the federal government in the Lanham Act's definition of a "juristic person" will not subject the federal government to monetary claims, as Respondent and the Eighth Circuit fear. This is due to the very reasons relied upon by the Court of Appeals in denying Petitioner any injunctive relief under the Lanham Act. That is to say, applicability of a statute and immunity from certain types of relief thereunder are separate and distinct issues. Holding that the Lanham Act *applies* to the federal government does not preclude a holding that the federal government is *immune* to suits for monetary damages under that Act. The federal government is immune from suit absent an express waiver. Section 702 of the A.P.A. *is* that express waiver where claims other than for money damages are involved. There is not presently, however, an analogous express waiver for money damages, in the Lanham Act. Accordingly the federal government may still be immune to such suits, despite its being a "juristic person," and despite the fact that it may be enjoined for trademark infringement under the Lanham Act.

B. The Eighth Circuit Ignored The Critical Legislative History Of The Trademark Remedy Clarification Act Which Further Demonstrates Congress' Intent To Have The Lanham Act Apply To The Federal Government.

There are other compelling reasons for including the federal government within the Lanham Act's definition of "person." The Supreme Court held in *Wilson v. Omaha Indian Tribe*, 442 U.S. 653, 667 (1979), that "person" can include the sovereign.

Quoting *United States v. Cooper,* the Court said that "[t]here is . . . 'no hard and fast rule of exclusion,' " and that "much depends on the context, the subject matter, *legislative history*, and executive interpretation." 442 U.S. at 667 (emphasis added).

The most relevant legislative history to assist the Eighth Circuit in determining whether Congress intended to have the Lanham Act apply to agencies of the federal government was ignored by the Court of Appeals. That history is found in the Trademark Remedy Clarification Act of 1992, Pub. L. No. 102-542 § 3(d), 106 Stat. 3567, which made it clear that states were not immune from suit under the Lanham Act. The legislative history unambiguously states that "the Patent Code and the Trademark Act must be applied uniformly . . . *there is no distinction between the Federal Government and a State government,* especially to the patent or trademark holder who must sacrifice the results of his/her investments at the hands of an immune governmental body. This legislation [TRCA] will rectify the situation and provide uniform protection throughout the patent and trademark systems." 1992 U.S.C.C.A.N. 3095 (emphasis added).

Given this clear history, there can be no doubt that Congress intended the States and the federal government to be treated similarly. Since Congress believed that it was "provid[ing] uniform protection throughout the patent and trademark system" by explicitly subjecting state governments to potential liability, *a fortiori* the federal government is also subject to potential liability under the Lanham Act. If the intent of Congress was to make or keep the federal government immune from suits under the Lanham Act, it would not have sought the uniformity reflected by the passage of TRCA, and would require a distinction between the federal and state governments in the Lanham Act, a proposition expressly contrary to Congress' stated intention.

Thus, the 1992 Amendment was passed simply to bring trademark protection into conformity with the patent and copyright laws. Just as Congress had previously used its powers under the Patent and Copyright Clause, in 1992 it used its authority under the Commerce Clause and the Fourteenth Amendment, to abrogate state immunity for trademark infringement.

The Eighth Circuit held that Congress' failure to include an express waiver for the federal government as it did for states shows that the federal government was meant to be immune, citing *Department of Energy v. Ohio,* 503 U.S. 607, 617-18 (1992), where the Supreme Court held that "omission [of the federal government] has to be seen as a pointed one when so many other governmental agencies are specified." *Preferred Risk,* 86 F.3d at 794. But that case is inapposite; the Lanham Act does not list some agencies and exclude others within the definition of a "person" or "juristic person." Here Congress reasonably believed it was clear that the federal government was subject to suit under the Lanham Act and did not specifically include the federal government in the 1992 Clarification Act because there was no need for clarification on that point.

C. The Eighth Circuit's Interpretation Of The Word "Juristic Person" Is Contrary To An Important Purpose Of The Lanham Act.

One important purpose of the Lanham Act is to prevent any likelihood of confusion regarding the source of goods and services. *See, e.g.,* 15 U.S.C. §§ 1114(1), 1125(a)(1)(A) (proscribing actions that are "likely to cause confusion"). Distinguishing between private and public entities does not serve this end. Indeed, doing so subverts that important purpose. If likely consumer confusion results from an unauthorized use, the source of that unauthorized use is irrelevant. Yet the result dictated by the Eighth Circuit leaves consumers open to confusion, and leaves Petitioner with no remedy should

Respondent choose to continue using Petitioner's presumptively valid, federally registered service mark. Unless reversed, the holding of the Eighth Circuit will prevent all trademark owners from protecting their valuable trademark properties against unauthorized uses by the federal government.

CONCLUSION

For the foregoing reasons, *certiorari* should be granted to review the decision of the Eighth Circuit in the instant case.

Respectfully submitted,

STEPHEN R. BAIRD
ANNE S. JORDAN
JEFFREY M. SAMUELS
Attorneys for Amicus Curiae
International Trademark Association
1133 Avenue of the Americas
New York, New York 10036-6710
(212) 768-9887